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NEWS SUMMARY

GENERAL

Zia gives Syria free hand on hijack

Pakistan has told Syria that it would support any drastic action to deal with the hijacked Pakistan airliner, which was flown to Damascus on Sunday after six days at Kabul, the Afghanistan capital.

Pakistan's President Zia telephoned President Assad of Syria to thank him for his efforts. President Assad promised to do his best to safeguard the lives of more than 100 male passengers still aboard.

Defence Secretary General Rahim Khan, who is also chairman of Pakistan International Airways, accused the Afghans of allowing the hijackers to take on more weapons in Kabul.

● President Zia has appointed a new Cabinet which, he said, would steer between "classical martial law" and democracy.

Thatcher reply

After Soviet Ambassador Viktor Popov handed President Prezhnev's letter elaborating his ideas for a summit meeting with the U.S. to Mrs. Thatcher, she replied: "It would be much easier to negotiate if Soviet troops were out of Afghanistan. Page 5

Rajai accuses

Iran's Premier Mohammad Ali Rajai accused President Bani-Sadr of trying to set up a rival government. The President has called on the people to smash attempts at establishing the rule of violence over the rule of law. Page 4

Water [illegible]No

Water workers in the Liverpool and North Wales region voted unanimously to reject the National Water Council's 12.3 per cent offer. Back Page

Canals threat

Britain's canals are collapsing because of the meanness of successive governments, said British Waterways Board chairman Sir Frank Price. Page 8

Democrat plans

Mr. Roy Jenkins said the Social Democrats would be launching their new part "well before Easter" and its aim would be victory in the next election and a Social Democratic-Liberal government." Page 10

Fighting cancer

Three medical charities are putting up more than £4m to build a neutron-beam machine to treat cancer on Merseyside. Back Page

Walesa in talks

Lech Walesa, leader of the Polish union Solidarity, met Deputy Premier Mieczyslaw Rakowski in talks to try to resolve the dispute between the union and the Government. Page 2

Rapist sentenced

John Lambe, 37, a Fordingbridge, Hampshire, builder, was jailed for life at Bristol for each of 12 cases of rape, and for six years on each of four cases of attempted rape.

Top Basque dies

Telefonro Mozon, 76, leader of the Basque People's Union party, died of heart trouble in France. He returned to Spain from exile in France in 1976.

Briefly . . .

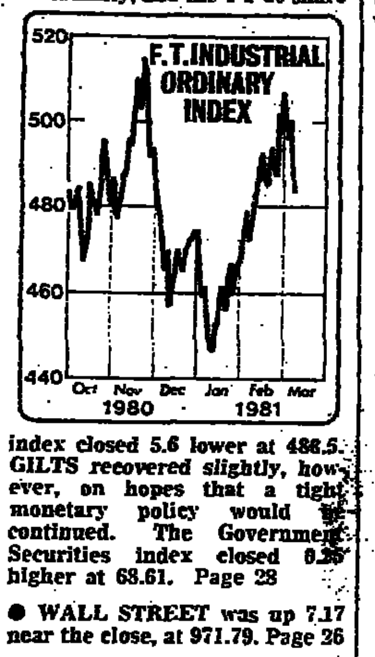
About 4,000 animals, mostly pigs, are being slaughtered in Brittanny because of foot-and-mouth disease.

West Berlin jailed for four years a Pole who hijacked a Polish aircraft to Berlin.

BUSINESS

Equities off 5.6, but Gilts rally

● **EQUITIES:** leading shares retreated amid pre-Budget uncertainty, and the FT 30-share



index closed 5.6 lower at 488.5. GILTS recovered slightly, however, on hopes that a tight monetary policy would be continued. The Government Securities index closed 0.25 higher at 68.61. Page 28

● **WALL STREET** was up 7.17 near the close, at 971.79. Page 26

● **STERLING** closed at $2.2140, a rise of 2c since Friday. Its trade-weighted index was 99.1 (98.7). Page 25

● **DOLLAR** closed at DM 2.1125 (DM 2.1350), SwFr 1.9340 (SwFr 1.9550) and Y206 (Y208.80). Its trade-weighted index was 100.3 (100.8). Page 25

● **GOLD** rose $9 in London to $477.50. In New York, the Comex March close was $471.9. Page 25

● **NORTH SEA** oil tax revenue could rise by £1.22bn this year through the Supplementary Revenue. Tax expected in the Budget, says a report. Page 10

● **COMPANY FAILURES** in England and Wales rose by 50 per cent last year to 6,876, according to Central Statistical Office figures. The Manchester Guardian Society, giving figures including Scotland, said nearly 3,000 were wound-up in January and February this year.

● **CHEMICAL INDUSTRY** investment is likely to fall by 15 per cent in real terms this year, the Chemical Industries Association forecast. Back Page

● **COAL BOARD** plans major improvements to main coal ports to help raise annual coal exports from 4.5m tonnes to 15m tonnes by 1985. Back Page

● **FIRST CHICAGO**, the U.S. bank hit by a financial crisis last year, said it paid more than $880,000 to Robert Aboud, the former chairman dismissed last April.

● **SPANISH BANKS** have forced the Bank of Spain to block a move by Citibank to buy into the country's second largest finance group, CIC. Page 21

● **INTERNATIONAL HARVESTER**, the U.S. truck and farm equipment manufacturer, said its leading bankers agreed to replace short term borrowings with $1.5bn (£677.5m) three-year revolving credit. Back Page

● **BP AUSTRALIA** will lead a consortium to develop a rich steam coal deposit in Queensland. Page 20

COMPANIES

● **MERCANTILE CREDIT**, a Barclays Bank subsidiary, increased pre-tax profits from £36.88m to £38m last year. Page 18; Lex, Back Page

● **FORWARD TRUST** Group, a Midland Bank subsidiary, said pre-tax profits fell £5.6m to £25.6m in 1980. Page 18; Lex, Back Page

● **PARKER KNOLL** reported taxable first half profits down £880,000 at £1.18m. Page 18.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:					
Treas. 13¾% 2000-03	£99½	+ ¼	Poseidon	212	+ 6
Bond St. Fabrics	34	+ 4	Randfontein Estates	£26	+ 1½
Carlton Inds.	273	+ 11	FALLS:		
Haden Carrier	212	+ 9	BTR	388	− 6
Hazlewood Foods	163	+ 6	Barclays Bank	390	− 8
Imperial Group	73	+ 2	Boots	227	− 5
London United	203	+ 8	Bowater	197	− 8
[illegible]sco	170	+ 15	Channel Tunnel	143	− 27
Royal Worcester	278	+ 10	Electrocomponents	645	− 20
Tate of Leeds	82	+ 5	MK Electric	195	− 7
Telefusion	38	+ 4	Marks and Spencer	117	− 4
Double Eagle	305	+ 15	Moss Bros.	195	− 10
Malaysia Rubber	183	+ 13	Mothercare	228	− 6
Central Pacific Mins.	255	+ 20	Neil and Spencer	44	− 14
De Beers Defd.	374	+ 12	Racal Elec.	343	− 7
Hampton Areas	230	+ 20	Redland	158	− 4
Hartebeest	£26	+ 1½	Rentokil	142	− 8
Hill 50 Gold	34	+ 4	Scholes (G. H.)	225	− 25
M Holdings	203	+ 8	BP	402	− 12
			Shell Transport	410	− 8

Civil Service unions claim broad support for one-day strike

BY PHILIP BASSETT, LABOUR STAFF

WIDESPREAD SUPPORT for the first national strike by all nine unions in the Civil Service was claimed by union leaders last night.

The most important effects of the one-day stoppage over the unions' 15 per cent pay claim were:

1—No services at all in and out of the 20 airports for which the Civil Aviation Authority provides traffic control cover, because of action by air traffic controllers. Some flights were operated from municipal airports, like Luton.

2—Local Department of Health and Social Security offices were closed to the public in 93 per cent of cases. About two-thirds of local unemployment benefit offices were also shut. Over half the country's Jobcentres were closed.

3—Defence bases, including the Polaris base on the Clyde, were badly hit. Government blue-collar workers were sent home.

4—About a third of court staff were on strike, although support was far greater in certain areas.

Pickets were placed around Government offices and courts over the country. Picketing was quite and orderly with no disturbances reported.

Senior staff, including those in Ministers' private offices, mostly continued normal work.

There was no conflict between the two sides yesterday, although, and the Civil Service Department still insisted that the present offer of 7 per cent—which compares with a union claim of 15 per cent and a £10 a week minimum increase across the board—was final, and that it could take some time to work out the details of a formula for future pay determination to replace the suspended pay research comparability system.

Strike effects. Page 11
Editorial Comment Page 16
Some water workers reject offer. Back Page

The Council of Civil Service Unions, representing all nine unions, estimated that about 450,000 civil servants, or about 90 per cent of the total, had joined the one-day strike.

The Civil Service Department, after first putting the figure at about 75 per cent, finally estimated that some 290,000 staff, or 55 per cent of the total, were on strike. However, it put the figure for union members slightly higher at 65 per cent.

Work in many Government departments was heavily curtailed. Departments with the largest numbers taking part were, according to Civil Service Department figures: the Inland Revenue, with 64,779 out, or 85 per cent of the total; the Department of Health and Social Security, with 62,798 out, or 64 per cent; and the Ministry of Defence, with 45,894 out, or 40 per cent.

Support was spread across the nine unions, which represent all Civil Service grades, from cleaners to Permanent Secretaries.

Tax union officials were particularly jubilant about the response in the Inland Revenue, partly because tax officials are expected to play a prominent part if the selective strikes in key computer areas due to begin today have to be extended.

In particular, the Inland Revenue Staff Federation said that the two Pay As You Earn computer centres at Shipley, Yorkshire, and Cumbernauld, in Scotland—both likely targets if the unions move on to a second wave of selective action—showed 97 per cent support yesterday.

The Civil Service Department admitted Government work had been "seriously affected," but the Prime Minister's response to the strike was said in Whitehall to be one of "studied indifference."

PRE-BUDGET SPECULATION ABOUT MLR CUT

Pound fluctuates sharply

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

STERLING fluctuated sharply yesterday in the foreign exchange markets in response to speculation about the size of the cut in Minimum Lending Rate expected to be announced today.

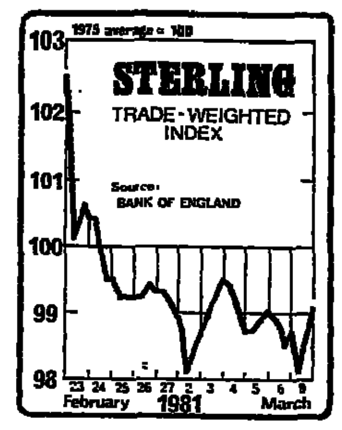
Sir Geoffrey Howe, the Chancellor, is likely to speak for about 90 minutes in presenting his third Budget. This is expected to include a substantial increase in the personal tax burden as well as an MLR cut.

The pound yesterday dropped to a low of $2.1880 but recovered, particularly after the opening of the U.S. markets, to close two cents higher on the day at $2.2140. This compares with a low of $2.1630 a week ago, but is still 20 cents lower than in early February.

The level of sterling in recent weeks has been affected by expectations of falling UK interest rates. Money market rates have already fallen sharply, with three-month interbank rate — a key influence on the cost of part of the clearers' deposits — down ¼ point yesterday to 12¾ per cent.

U.S. rates have remained relatively high and Continental rates have risen sharply.

But foreign exchange dealers were yesterday taking a more cautious view, partly because of speculation that the MLR cut might be two points from the present 14 per cent, rather than the three-point drop previously discussed.



A two-point reduction has already been discounted and some dealers believe that such a cut could lead to a recovery in sterling.

Consequently, market operators, especially in the U.S., were yesterday closing speculative positions against sterling. This contributed to the afternoon rally.

The pound also rose sharply against the French franc, from FFr 10.99½ to FFr 11.05¼, though it slipped fractionally against the Deutsche Mark to close at DM4.68.

The sterling trade-weighted index, measuring its average value against a basket of other currencies, rose by 0.4 points to 99.1 after dropping to 98.1 in the morning.

In addition, sterling benefited from the weakness of the dollar caused by lower Eurodollar rates. The U.S. currency closed DM 2.11¼ compared with DM 2.13½ on Friday and there were falls against the Swiss franc an dthe Japanese Yen.

Within the European Monetary System the D-mark strengthened. The Belgian franc was fixed within its permitted cross-rates against the D-mark and the French franc but remained beyond 75 per cent of its permitted margin against the central rate of the European Currency Unit, the average of all EMS currencies, as it has been since the end of last month.

This is the warning signal leve lat which the Belgian Government is required to take action.

Ian Hargreaves adds from New Work: Ameritrust, a medium- bank in Cleveland, Ohio, yesterday cut its prime lending rate from 18.5 per cent to 18 per cent. None of the large New York banks followed suit, but they are expected to do so later this week.

In the bond market, early price gains were lost as traders became nervous about an expected flood of U.S. Treasury issues and a $600m issue from American Telephone and Telegraph.

Joseph encourages hopes of MLA cut. Page 10
Money Markets, Page 25
Lex, Back Page

Spain seeks to speed up EEC entry talks

BY JOHN WYLES IN BRUSSELS AND ROBERT GRAHAM IN MADRID

SPAIN IS seeking a quickening of negotiations for its entry to the European Community in the wake of the abortive coup on February 23.

Sr. José-Pedro Perez-Llorca, the Spanish Foreign Minister, is expected to call for accelerated negotiations when he meets his EEC counterparts in Brussels next week.

He and his officials are though ready to argue that the lons negotiating process — the Spanish application was lodged in July 1977 — means the prospect of EEC membership is not as strong a restraint as it was on those army officers whose commitment to democratic institutions is less than whole-hearted. A sense of greater urgency whould therefore help.

Sr. Leopoldo Calvo Sotelo, the Spanish Prime Minister, yesterday had a long working lunch with ambassadors of the EEC countries, in which he is understood to have stressed the need for concrete gestures from the Community to support Spanish democracy.

Sr. Calvo Sotelo, who until last autumn was in charge of the accession negotiations, is not pressing for a definite timetable for agreement. But he wants a declaration from the Community which goes beyond a reaffirmation of faith in Spanish democracy and which suggests that the negotiating tempo may be increased.

The issue is provoking a harp tussle between Spain and the Ten and also between EEC member states.

Until now there has been general support for France's stand that there should be no conclusive agreement covering Spanish agriculture until the Ten have settled the future of the Common Agricultural Policy. This effectively delays Spanish accession to early 1984 or perhaps longer.

Over the next few days the Ten will try to co-ordinate their response. Indications are that France will oppose making any declaration next week, arguing that it could come most effectively from the EEC summit in the Netherlands in a fortnight.

However, a majority of member states seem to think some positive statement is necessary next week although there is little likelihood of any agreement to accelerate the membership negotiations.

One idea being floated is that Spain be allowed to take a much earlier part in the political decision-making of the EEC —or that some cosmetic measure be agreed which showed Spaniards that EEC membership was to be a reality.

Cable and Wireless may hive off its Asian operations

BY GUY DE JONQUIERES

PART OF CABLE and Wireless' operations in Hong Kong and Bahrain — its two biggest sources of revenue — may be hived off to local interests before the British Government sells almost half its shares in the company to private investors later this year.

Mr. Eric Sharp, chairman of the State-owned world-wide telecommunications group, said yesterday that Cable and Wireless was considering "recasting" the two operations in response to long-standing local pressures for greater direct participation.

The reorganisation was still being discussed with the governments concerned, but could involve turning the operations, at present wholly-owned branches, into joint subsidiaries with them, he said.

Such an arrangement would be likely to mean that part of the revenues would be retained locally instead of accruing to Cable and Wireless and its shareholders.

But it was pointed out in Whitehall yesterday that local interests would also be called on to share in financing Cable and Wireless' capital investments, which Mr. Sharp expects to double to £200m a year worldwide within the next three years.

Hong Kong and Bahrain together account for 50-60 per cent of Cable and Wireless' turnover, which amounted to £254.9m last year.

Their contribution to the £43.5m pre-tax profits has not been disclosed but is believed to be substantial.

Mr. Sharp said that he had "every confidence" that Cable and Wireless' Hong Kong franchise, which expires in 1987, would be renewed for a further 25 years. The franchise in Bahrain is due to expire next year.

In spite of this new complication, Mr. Kenneth Baker, Industry Minister of State for Information Technology, told the Commons yesterday he expected the planned sale to raise at least £100m for the Government, which will retain one share more than 50 per cent of Cable and Wireless' equity.

He said later he expected the shares to be offered next autumn, as son as possible after Royal Assent had been given to the Telecommunications Bill, which authorises the Government to dispose of its shares.

The Government will keep directors on the Cable and Wireless board but would not interfere in its operations.

Mr. Sharp said that the sale would increase Cable and Wireless' freedom to take advantage of the rapid expansion of the telecommunications market

No ordinary nationalised industry, Page 8
Government statement, Page 10

Reed to halve newsprint capacity

BY WILLIAM HALL

REED Paper and Board (UK), Britain's biggest newsprint producer, is to close Imperial Paper Mills, its Gravesend, Kent, newsprint plant. The move will cut the company's newsprint capacity by nearly half and reduce UK capacity by over a third.

The mill, which employs 250 people and has the most modern newsprint machiners in the UK, was reorganised less than two years ago to reduce its dependence on expensive imports of woodpulp. But the strength of sterling and high energy prices has led to continued heavy losses. Reed estimates that the closure will cost £6m.

Closure of the mill, which produces 55,000 tonnes a year, is the third major cutback in UK newsprint capacity in the last seven months. Last August, Bowater announced it was closing its Ellesmere Port, Merseyside, newsprint plant and a couple of days later Reed announced the closure of one of its two newsprint machines at its Aylesford site in Kent.

The loss of the two newsprint mills and five newsprint machnies has cut the annual capacity of Britain's two newsprint producers, Bowater and Reed, from 380,000 tonnes in August last year to 105,000 tonnes. This is less than a tenth of UK newsprint consumption.

Imperial Mills supplies a number of London newspapers and Reed plans to honour its existing contracts with supplies from its sole remaining newsprint machine at Aylesford. This can produce 55,00 tonnes of newsprint

Bowater's newsprint capacity is down to 50,00 tones, which it suplies from two machines at its Kemsley site in Kent. The cmobined UK newsprint capacity of the two companies is now less than that of one large Scandinavian newsprint machine.

Reed and Bowater have both said that the combination of high energy costs and wood prices makes UK newsprint production unprofitable. The bulk of UK newsprint supplies comes from Scandinavia and North America where mills are much larger and enjoy big economies of scale.

Capacity at Imperial Mills had already been cut significantly in April, 1979, when Reed closed three paper machines and laid off 430 staff.

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Walesa sees Deputy PM in attempt to avert strike

BY CHRISTOPHER BOBINSKI IN WARSAW

MR. LECH WALESA, leader of Solidarity, Poland's independent union, met Mr. Mieczyslaw Rakowski, Deputy Premier, yesterday evening in an attempt to resolve the conflict between the union and the authorities in Lodz and to clear the way for a meeting in that city with General Wojciech Jaruzelski, the Prime Minister.

Solidarity has called a one-hour stoppage today to be followed by a strike in 47 factories from Thursday which will spread throughout the region by next Monday.

The union is demanding that the authorities reinstate five Solidarity members whom it claims were dismissed unfairly from an Interior Ministry hospital in Lodz.

Last week, senior Government officials were insisting that Solidarity should not organise workers in places of work which come directly under the jurisdiction of the army or the Interior Ministry. But the fact that the censor's office permitted newspapers yesterday to print items presenting the case as one of unfair dismissal by a local official has raised hopes that the problem can be resolved.

A meeting between Mr. Walesa and the new Prime Minister would ope nthe way for full-scale talks between the Government and the union on the recent increase in harassment of union members, and legal moves against Mr. Jacek Kuron, a prominent dissident and union adviser. Other issues include the official refusal to recognise union rights for private farmers.

Talks with the new Prime Minister would provide an opportunity to halt the recent deterioration in relations between the two sides.

Benefits of joining IMF stressed

BY OUR WARSAW CORRESPONDENT

THE DELICATE subject of Polish membership of the International Monetary Fund and the World Bank has been aired publicly for the first time here in an article in Rynki Zagraniczne, the foreign trade newspaper.

Polish finance officials have been exploring the idea for years but the lack of progress has always been put down to Soviet opposition to the idea. However, Mr. Jerzy Kranz, an economist, argues in the article that access to IMF funds and World Bank credits would help Poland cope with its foreign debt problems.

Reflecting thinking among many experts here, he said: "Joining the IMF is not costly and it would open the way to credit which is cheaper than on the Euromarket and it would serve to diversify our sources of credit."

He also pointed out that IMF membership would provide a "testimonial of Polish credibility" which would make it easier to raise loans on the commercial market.

Western government officials, meanwhile, have begun talks at the Polish Finance Ministry aimed at expanding the information presented by the Poles at a meeting in Paris last month of 15 Western creditor countries. The next full-scale session of the Paris talks, at which Poland is seeking to reschedule $4.4bn of official debt, is due early next month.

The present meeting, which will end tomorrow, follows last week's conference in London with commercial bankers who were asked to refinance $3.1bn of debt falling due this year.

E. Germany struggles to replace Polish coal

By Leslie Colitt in Berlin

A fall in Poland's coal exports to its Comecon partners is causing serious disruption to East German industry. The problem is greatly compounded by the fact that bilateral barter arrangements have governed the coal exports, like most other major trading arrangements in the Comecon bloc.

Thus, reciprocal East German exports back to Poland — especially of machinery — are having to be shipped to Western markets because the Poles have neither goods nor raw materials to replace the coal. At the same time, substitute coal supplies from the Soviet Union have not been available.

Polish coal production has been declining since last summer because of strikes and the miners' refusal to work the formal shift system.

East Germany is more affected by the declining output of the Polish coal mines than Western customers. It is being forced to adapt its power stations to low energy domestic brown coal, as well as to order more hard coal from West Germany. Polish sulphur exports to East Germany have also dropped

Normally, East Germany gets some 1.8m tonnes of hard coal and coking coal annually from Poland for use in electric power plants and in the steel industry. East Germany's trade union magazine, Neuer Weg, said yesterday that serious shortfalls in coal imports from Poland were forcing East Germany to convert its furnaces to use compressed lignite, which has a low heating value. In addition, greater supplies of coking coal are being bought from West Germany.

The East German Government said yesterday that domestic brown coal is also to be used to replace oil, whereever possible. East Germany gets 19m tonnes of oil a year from the Soviet Union, but this is not enough to meet the demands of its petrochemical industry.

French car registrations still falling

By Robert Mauthner in Paris

NEW car registrations in France continued their sharp decline in February, while imports increased.

Provisional statistics from the car manufacturers' association—Chambre Syndicale des Constructeurs d'Automobiles—show new car registrations of about 134,000 last month, a decline of 17.6 per cent compared with February, 1980. This followed a similar drop of about 17 per cent in January registrations.

Manufacturers, who saw sales on the home market drop by about 20 per cent in January, suffered a decline of 23.6 per cent last month, while imported car sales rose by 6.6 per cent. Imported cars took as much as 25.5 per cent of the market in February.

ANKARA MUST RESPECT HUMAN RIGHTS, SAYS REPORT

Bonn set to continue Turkish aid

BY JONATHAN CARR IN BONN

WEST GERMANY seems likely to maintain its programme of economic and military aid to Turkey. But much depends on how quickly Ankara can demonstrate that it respects human rights and is working for a return to democracy.

This emerges from a report given in Bonn yesterday by an all-party group of parliamentarians which has returned from a one-week fact-finding mission to Turkey.

Their views will have a marked influence not only on the course of debate in the Bundestag on the future of Turkish aid, but also on the Foreign Ministry, to which the group has already reported.

All parliamentarians—including one normally identified with the left-wing of the ruling Social Democrat Party—praised the co-operation they had received from the Turkish military authorities. It was clear, the group said, that the Turks were keen to allay foreign allegations of repression and torture since the military takeover last year.

Group members said that representatives of all Turkish political forces to whom they had talked agreed that a cut in foreign aid would simply make a return to democracy more difficult.

However, the Bonn parliamentarians had stressed that a majority in West Germany supporting further aid could only be assured if Ankara demonstrated its concern for human rights. Developments in Turkey would thus be monitored

For two years running the West Germans have co-ordinated a Western economic and financial aid package

Bonn remains willing in principle to contribute to a further aid package. Although it is felt unlikely that the total sum from all OECD countries will exceed last year's figure of $1.1bn (£478m) the Turks are looking for substantially more.

However, it remains far from sure that Herr Hans Matthoefer, Finance Minister, will organise the aid action this time as he did in 1980. The military takeover has made the co-ordination role more politically sensitive The upshot may be that the Turks will have to do much of the co-ordination.

● Herr Matthoefer (right): more sensitive role.

Workers warned about cut in real income

BY JONATHAN CARR IN BONN

A LEADING West German trade unionist has warned that workers may have to take a cut in real income this year.

The warning, in the middle of the current wage negotiations, came from Herr Heinz Kluncker, head of the Public Services and Transport Union. He has demanded a 7 per cent rise for his 2.6m members. The employers have made no offer.

In an interview with the weekly magazine Der Spiegel, published yesterday, Herr Kluncker made it clear that he was determined to gain as big an increase for the public service as other unions won for their members.

But he said he feared that even in industry, real incomes might not be wholy safe-guarded this year — a comment which could weaken the bargaining position of some unions.

So far there is little evidence to back Herr Kluncker's fears, although the building sector has settled on a 4 per cent rise. This is below the Government's estimate for domestic inflation this year.

The key agreement will be for the 3.8m metal workers. Their union is seeking increases of up to 8 per cent and the employers are offering 2.5 per cent or 3 per cent, depending on the region where the negotiations are being held.

Not surprisingly, Herr Kluncker firmly rejected the idea that public service workers should seek no wage increase at all this year. This view has been advanced by some economists who fear high labour costs are pricing West German goods out of world markets, and who feel the public service should set an example of wage moderation because their jobs are more secure.

But industrial order figures released yesterday by the Economics Ministry show that foreign demand for German goods has increased and is helping to make up for the flagging domestic market.

Overall orders to industry rose from December to January in real terms by 4 per cent, with foreign orders alone increasing by 6.5 per cent.

A two-month comparison of December-January against October-November, which helps iron out short-term fluctuation, shows foreign orders up by no less than 10.5 per cent. However, all order figures remain in real terms well below the levels of a year earlier.

Collapse of joint tank plan blow to Giscard

BY ROBERT MAUTHNER IN PARIS

THE ANNOUNCEMENT by Herr Hans Apel, the West German Defence Minister, that important Franco-German arms projects, such as the joint development of a battle tank, have been cancelled has predictably upset the French.

Though President Valery Giscard d'Estaing's spokesman emphasised that France had not been informed of any final West German decision on the subject, it was clear that hopes of saving the projects were slim. It was recognised here that only a last-minute personal intervention by President Giscard and Her Helmut Schmidt, the West German Chancellor, could reverse the decision, but even then both leaders would have to find new ways of funding their joint ventures.

While the French authorities were anxious not to jump the gun with critical public statements, the Press has undoubtedly expressed their disappointment and anger. The West German decision led yesterday's edition of the influential Paris newspaper Le Monde to claim that Bonn's defence budget cuts had compromised its military co-operation with Paris and London.

For President Giscard, the move has come at a particularly bad moment. He has presented the solidity of the Franco-German alliance as one of the main achievements of his foreign policy during the presidential election campaign.

Co-operation in the military sphere and, particularly, the development of the battle tank, had come to symbolise the close relationship between the two

If, in such an important area, co-operation can break down, then the whole Franco-German edifice is a great deal more fragile than the French and West German leaders like to admit, according to some French commentators.

Herr Apel's suggestion that France could co-operate with Bonn on a new version of the West German Leopard tank has been greeted coolly in Paris. The French, who are notoriously touchy about national prestige, feel that they would inevitably have an inferior role.

EEC steel chiefs to hold emergency talks

BY GILES MERRITT IN BRUSSELS

THE CHIEF executives of Europe's leading steel producers have agreed to meet in Brussels on March 20 for emergency talks on a new voluntary production curbs pact, according to M. Emmanuel Tesch, head of Luxembourg's giant Arbed steelmaking group.

The Brussels negotiations, which are expected to last several days, will be chaired by M. Tesch in his capacity as president of Eurofer, the "club" that groups the major steel companies.

The need to agree voluntary arrangements for steel has been given fresh urgency by the EEC's member governments, which last week set the industry an April 1 deadline for negotiating the pact. A special Council of Ministers meeting on the steel crisis issued the industry with an ultimatum in which it warned that there was no question of renewing the present regime of compulsory quotas cutting steel production after it expires on June 30.

It had been intended originally that the new voluntary agreement to be discussed between steel producers would consist of delivery disciplines, similar to those contained in the voluntary "Davignon plan" launched in 1977 but which collapsed last year under the pressure of fierce price-cutting. But M. Tesch has now made it clear that current proposals are for continuing curbs on output.

The member governments' recent threat that there will be no further "safety net" measures to prevent the steel market from relapsing into chaos is expected to give the forthcoming talks a significant boost, but a number of serious problems still have to be solved.

M. Tesch has underlined the need to bring the 330 smaller and more specialist EEC steel producers that are not members of Eurofer into the voluntary plan and, in effect, that means creating a new industry body. At the same time, the nine-month compulsory regime introduced last October has been threatened by alleged quota-busting and by renewed price-cutting. The voluntary arrangement, therefore, would need firm commitments from producers.

The concessions that many EEC steelmakers would be required to make to West German producers under the new pact is also certain to dominate the negotiations. The West German industry has resented the production curbs imposed on it and, in reaction to shipments of subsidised steel that it claims have been flooding into its domestic market, is urging import controls against other EEC steelmakers.

The fundamental problem, however, is how any voluntary production controls would be determined.

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Kohl attempts to rally opposition

BY ROGER BOYES IN MANNHEIM

WEST GERMANY should patch up urgently its relations with the U.S. and should play a more active role in the NATO alliance, by enabling U.S. soldiers in West Germany, for example, to take part in a rapid deployment force in the Middle East.

That was the message delivered to loud applause yesterday by Herr Helmut Kohl, leader of the opposition Christian Democratic Party, during an inaugural speech at the party's annual conference. West Germany should remain a reliable partner in the "Pax Americana," he continued, and Bonn should extend the moral and political basis of its co-operation with Washington.

One way of achieving this, he said, would be to free U.S. military resources in Europe by contributing more to the NATO defence effort and, thus, allow U.S. troops to take part in a rapid deployment force. However, France and Britain could take over more responsibility than West Germany in establishing the force.

Herr Kohl peppered his speech, which spanned a whole range of domestic as well as foreign policy issues, with sharp attacks on Chancellor Helmut Schmidt's Social Democratic Party. Herr Schmidt was wrong, he said, to blame the current weakness of the Deutsche Mark on high U.S. interest rates. Rather, the weakness was the result of a loss of confidence in the Bonn Government.

Apart from this sniping, Herr Kohl's speech was remarkable only for its length (two hours) and its moderation. Indeed, in many ways it might have been written by the Chancellor himself. Thus on a whole range of questions nuclear energy, Ostpolitik, housing policy reform, the stationing of U.S. missiles in West Germany—Herr Kohl's line was more or less identical to Herr Schmidt's.

The differences such as his party's enthusiastic support for the new U.S. Administration, emerged only in terms of emphasis and nuance.

The Christian Democratic Party, which is meeting for the first time since October when it suffered one of its worst ever election defeats, seems to be suggesting that it is ready and willing to carry out many of Herr Schmidt's policies — though more effectively and more reliably, as it is unhampered by a noisy left-wing.

This is a message to the Free Democratic Party to defect from the Government coalition and join forces with the Christian Democrats, the only real chance for the latter to come to power under the current political line-up. However, whether this is enough to regenerate the West German opposition remains to be seen, perhaps as early as this May when state elections are held in Berlin.

Kevin Done reports from Frankfurt on the parlous financial position of the Bundesliga

W. Germany's rich football fans find out how to run into debt

Rauhold (right) of 1860 München, a club on the edge of financial disaster, creates his own disaster for Schaeffer of Borussia Mönchengladbach.

CANDIDATES OF the Christian Social Union led by Herr Franz Josef Strauss used harsh words in the recent West German election campaign to denounce the bloated state debts run up by Chancellor Helmut Schmidt.

But the party's own economics expert, Herr Erich Riedl, a member of the Federal Parliament in Bonn, is discovering from first-hand experience that the Chancellor's Social Democrats have no monopoly on debt problems.

Herr Riedl is president of 1860 München, one of West Germany's leading football clubs and Premier League champions of 1966.

The club has been teetering on the edge of financial disaster for months. But now the club's main bank, the Bayerische Hypotheken- und Wechsel-Bank —one of West Germany's largest, but known locally for its widespread brewery shareholdings—has finally blown the whistle on the Munich "Lions" leaving the club technically bankrupt and unable to pay its players' next wage packets.

Herr Riedl himself suggests that the price for taking part in the Bundesliga today is simply too high. "The players are too highly paid, there is no doubt about that." There is a mismatch, he says, between players' salaries and their achievements on the field. But without agreed action by all 18 clubs he sees little scope for a solution.

1860 is not alone in its problems. The 18 clubs of the Bundesliga, West Germany's Premier League, are estimated to have debts in the region of DM 50m (£10.6m), and few clubs are holding their heads convincingly above water.

The German Football Association is introducing a new league system for next season aimed at concentrating resources in the game, but it has been powerless in the past three years to halt the steady drift of fans away from the game.

Next season the 42 clubs now playing in the North and South divisions are to be whittled down to only 20, which will play in a new national second division. The aim is to close the quality gap with the 18-strong Premier Division. The 22 clubs excluded as a result will have to make do with top-class amateur football.

> West German businessmen are willing to gamble some of their wealth to link their names with a top-flight football club

The game's authorities have also been able to do little to stop hooliganism among football fans, particularly on the way to stadiums. Supporters from the Berlin team Hertha BSC recently set a railway carriage on fire to celebrate their progress to a league game in Aachen. Water cannon were used to disperse fighting fans after a game between Frankfurt and Hamburg.

Despite the behaviour of some fans West German football clubs do not lack sponsorship. Most Bundesliga teams take to the field each Saturday sporting the names of undertakings as diverse as British Petroleum (Hamburg SV)—Deutsche BP is said to have played a major financial part in tempting Franz Beckenbauer, captain of the West German World Cup-winning team, back from North American football to Hamburg—Datsun (Borussia Mönchengladbach), and Canon (VfB Stuttgart). But many clubs still find it hard to make ends meet.

The game is attractive enough, however, to entice its share of private businessmen willing to gamble some of their wealth for the transient renown of linking their names with the glamour of a top-flight football club.

Some, such as Herr Roland Holly, a Munich property dealer, have adopted the new practice of using their money directly to buy players. Herr Holly bought four players for DM 2.5m earlier in the season for the beleaguered 1860 München. Herr Michael Roth, a carpet trader, also stepped in to save Nuremberg from bankruptcy. The playing problems have not gone away, however, and last week he fired the manager, the fifth Premier League manager to lose his job this season.

For some financiers the players are becoming "tax avoidance objects," and the German Football Association is concerned that if such patrons proliferate the clubs could lose control of their own destinies.

The device of rich individuals buying players, however, helps clubs to get round financial strictures which may be placed on them by the German Football Association when it audits the books.

With DM 4.4m of debts, 1860 München can hardly be looking forward confidently to re-applying for its licence in the next few weeks. The Bayerische Hypo-Bank is offering a DM 3.5m credit to the club, but it must first agree to a collateral charge of more than DM 3m on its Munich property and Herr Riedl has yet to force this past a two-thirds majority of the club's members.

Not surprisingly, the players looked dejected at training after Herr Riedl had outlined the extent of the club's misfortunes. As the goalkeeper Thomas Zander said: "I have some understanding for the club's financial position, but I can only do without my pay for eight to 10 days."

With a 0-2 defeat at home last Saturday, 1860 München have slumped to third to bottom of the Bundesliga and appear doomed to relegation.

Little relief for their financial plight can be expected from the turnstiles. Only two of West Germany's Premier League matches were watched by more than 30,000 spectators last Saturday and crowd numbers fell by S per cent in the first half of the season.

In working out its budget proposals for the current season 1860 banked on average gates of 32,000. Football in West Germany too is built on dreams but they are little help in paying the bank manager.

Resistance builds up as Italy's exchequer turns the tax screw tighter

BY RUPERT CORNWELL IN ROME

IS THE Italian tax system working too well? That might seem a ludicrous assertion in a country celebrated for the alleged skills of its citizens in avoiding taxes. But the facts suggest otherwise, and public resentment about "excessive" taxation is possibly the biggest single irritant in the country today.

Last year, the Government's tax take jumped 35.4 per cent to L70,846bn (£31.2bn), or about 21 per cent of GDP. Now Sig. Franco Reviglio, the Finance Minister, has confessed, rather shamefacedly, that his civil servants have upgraded their estimates for 1981.

Instead of a forecast 22.5 per cent rise, the Exchequer's take will go up by 26.4 per cent to L89,580bn (£39.6bn)—and this in a year when economic growth will probably be nil, and when inflation, in the worst of hypotheses, will not exceed 20 per cent.

A recent OECD study concluded that the ordinary worker at an Italian company is the highest taxed of any of his kind in the 23 member nations. The extraordinary growth in tax receipts is almost certainly the main reason why Italy's public sector borrowing requirement at arount L40,000bn (£17.6bn) has recently dropped sharply as a proportion of GDP. A few years ago it was around 16 per cent. In 1980, it was under 12 per cent.

Against this must be set the tangible disgruntlement of the population — or at least those who have their tax deducted at source and have no means of escape. Were it not for the safety valve of frequently untaxed second (and third) jobs, and the famous "submerged economy," Italy today might be ripe for a citizens' revolt of unpredictable consequences.

Even so, the growing tax burden has become a cancer eating away at the union movement. It has fed shop floor militancy, which is forcing the leadership to drop its moderate line and press for greater wage increases, as the only means of retaining control of the rank and file..

There are two broad reasons for the rapid rise in tax revenues. The most important, yet most easily soluble, is fiscal drag. The Government's failure to adjust tax-brackets upwards to take account of inflation has meant that many people are being paid steadily less, in real terms.

On top of this has come this year's 5 per cent levy to help pay for earthquake reconstruction in the South. This measure was bitterly opposed by the unions and even Sig. Reviglio admits that taxes cannot be pushed any higher. The authorities are expected to adjust tax scales shortly.

But there is another reason, one which goes nearer the heart of the matter. Aided by a ferocious Press campaign, Sig. Reviglio is waging an increasingly successful war against tax evaders. Money recovered in 1979 and 1980 totalled L3,700bn (£1.63bn), and he is hoping to bring in that much this year alone.

A Bill expected soon would make it a prison offence to declare a false income. Evasion obviously continues, especially in the professions and among the self-employed, but the climate is beginning to change.

But the real problem lies deeper still. The spectacular jump in revenue masks the fundamental inadequacies of the system. "Italian tax laws," says a parliamentary expert on the subject, "make a punitive meal of anyone they do catch, to conceal their instrinsic weaknesses." People who make a mistake filling in a form, even in good faith, are liable to blood-curdling fines, but the big fish with powerful friends, can still slip through the net.

In northern cities like Milan, where the real wealth is concentrated, tax offices are 30 per cent or more undermanned. Staff are underpaid and, as soon as they have learnt their trade, leave for the private sector. A system of random, thorough checks of individual returns is only in its infancy and often those selected are people who have paid properly.

Last but not least, nothing is more likely to reconcile people to paying taxes than the knowledge that their money is being spent reasonably sensibly. But the frequent waste and inefficiency of Italian public spending is enough to make even the most public-spirited citizen ask: why pay?

Pretoria threat to neighbours over sanctions

BY QUENTIN PEEL IN JOHANNESBURG

THE South African Government is considering forms of economic relation against neighbouring African states who back the United Nations sanctions campaign.

Military and intelligence chiefs were discussing the matter at an extraordinary meeting of South Africa's State Security Council in Pretoria yesterday, the pro-Government newspaper Die Vaderland, reported.

The meeting follows last week's decision by the UN General Assembly calling on the Security Council to impose mandatory economic sanctions against South Africa, to force its withdrawal from Namibia (South-West Africa).

The newspaper quoted an official as saying that "if certain states in Southern African continue with their insistence on economic sanctions" against the Republic, they will feel now it is to be cut off economically.

The meeting of the State State Security Council, which reports directly to the Cabinet, also follows an allegation by Mozambique that South African Railways has unilaterrally imposed an embargo on all rail traffic to the port of Maputo.

The rail embargo was announced last week, on all goods except petrol, and South African Railways blamed it on a logjam of wagons on the Mozambique side of the border.

The Mozambique Information Agency quoted a Government official as saying that "the unilateral embargo could not be seen separately from the attack at Batola on January 30 in which South African commandos killed 10 exiles in raids on African National Congress houses.

The State Security Council meeting is certain to heighten tensions within the region. It could not be confirmed immediately that the subject of economic retaliation was under discussion, although a spokesman for the Prime Minister, Mr. P. W. Botha, confirmed that the council was meeting.

Die Vaderland said the council would be concentrating on the effect any break in trade relations with neighbouring states would have on South African commerce and industry.

Although observers here believe the discussion may have been deliberately leaked in order to warn South Africa's neighbours, there is no question about their vulnerability to South African sanctions.

The Republic plays a critical role for Botswana, Lesotho and Swaziland, as well as Zimbabwe, Zambia, Malawi and Mozambique, both as a trading partner and a carrier of imports and exports.

British company in black trade union dispute

BY OUR JOHANNESBURG CORRESPONDENT

ROWNTREE MACKINTOSH, the British sweet manufacturer, has intervened in a bitter labour dispute at its South African subsidiary company, where 500 workers have lost their jobs in a row between the management and a radical black workers' trade union.

Mr. Peter Preston, managing director of Wilson Rowntree in East London, and Mr. Alistair Lightbody, his personnel manager, flew to Britain at the weekend, as the dispute appeared to be deadlocked. Their trip follows an unprecedented intervention by Sir Donald Barron, chairman of the parent company, who accused the trade union of condoning "violent intimidation" at the plant.

The union involved, the South African Allied Workers Union (SAAWU) has appealed to the British Trade Union Congress for support in its dispute and has called on black organisations in South Africa to organise a national boycott of Rowntree products.

The union is regarded as one of the most militant in South Africa, refusing to register in terms of the Government's statutory bargaining system, and its membership in the port of East London has soared over the past year to more than 20,000. But Wilson Rowntree has always dealt with the more conservative sweet workers' union, which until last year was registered to represent only whites and coloured (mixed race) workers.

The Wilson Rowntree factory, at which SAAWU claims to have recruited 900 members out of a black workforce of some 1,500, has been hit by a series of stoppages since last year. The latest dispute concerns the sacking of three machine maintenance workers at the beginning of February, after which more than 500 workers walked out in sympathy.

PM accuses Bani-Sadr of setting up government

By Patrick Cockburn

PRESIDENT Abolhassan Bani-Sadr of Iran has been accused of trying to set up a rival government and taking the law into his own hands by Mohammed Ali Rajai, the Prime Minister.

The accusation, part of a mounting campaign against the President by his clerical opponents, follows bloody clashes at a rally in Tehran addressed by Mr. Bani-Sadr.

The Prime Minister accused him of encouraging the crowd of 100,000 to attack a group of demonstrators, an extremist Moslem group known as the "Hezbollahis" (party of God). The group has a long history of breaking up rallies of opponents of the clerical Islamic Republican Party to which Mr. Rajai and most of the Government belong.

Mr. Rajai said the violence was started by "counter revolutionaries under the pretext of supporting the President."

The former revolutionary judge, Ayatollah Sadeq Khalkali, has already called for the President to be arrested and tried.

The quarrel between the Iranian leaders has pushed Iraq peace moves into the background. The Islamic Republican Party, which appears to be seeking an open break *with* Mr. Bani-Sadr, has denounced *him publicly*.

On the battlefront, Iraq has escalated the fighting following Iran's rejection of the Islamic peace mission's efforts to halt the war.

Four Soviet-made Frog 7 missiles were yesterday fired into Ahwaz, the capital of the Iranian oil province of Khuzestan. The official war communique from Baghdad reported heavy fighting along the 300-mile battlefront.

GWYNNE ROBERTS adds: British Embassy officials have established contact in Tehran with a Kurdish rebel group, whose guerrilla forces are holding nine foreign hostages, including a Briton, in the mountains of Iraqi Kurdestan, a Kurdish spokesman said

At the meeting, a representative of the Unified Kurdestan Socialist Party, which is led by Dr. Mahmoud Osman, a former personal aide of the late rebel leader, General Mustafa Barzani, outlined the four demands they have put to the Iraqi authorities in Baghdad.

These include the release of Kurdish Pesh Merga guerrillas imprisoned in Mosul, and the freeing of families under detention because of their alleged links with Kurdish guerrilla forces.

David Tonge, Diplomatic Correspondent, reports on a bitter mood at the United Nations

Washington suspends the Law of the Sea

DELEGATES from 150 nations met yesterday at the UN in a bitter mood. The U.S. had alienated almost all. They had gathered hoping to finalise one of history's most ambitious treaties: the Law of the Sea. This covers everything that flies over the oceans, navigates or swims through them, or—as in the case of oil and hard minerals—lies under them.

But last week President Ronald Reagan's Administration peremptorily insisted that no agreement should be reached at their long-scheduled session. It also upset the applecart by backing away from the painstaking compromises struck by Presidents Gerald Ford and Jimmy Carter. And now, this week-end, it has dismissed its negotiating team and appointed a new one led by Mr. James Malone, a West Coast lawyer.

America's adversaries in the Third World resent its high-handed approach, not least the way it delayed acting until it was too late to postpone the session. America's allies are equally disturbed. They fear a challenge to important gains the maritime powers have made on freedom to navigate the seas and straits of the world. But most of all they object to the new Administration's total failure to live up to its promises to consult its partners.

The new U.S. Administration had bowed to a vigorous campaign by some U.S. mining companies against the revolutionary regime proposed for mining the crumbly potato-like nodules found on parts of the seabed at *depths of 10,000-15,000 feet.*

THE MAIN SEABED MINING CONSORTIA

Title	Usual name	Partners
Kennecott Exploration	Kennecott Group	Kennecott Copper, RTZ, Consolidated Goldfields, BP, Noranda Mines, Mitsubishi
Ocean Management Incorporated (OMI, OMINC)	INCO Group	International Nickel, Sedco, three W. German and 23 Japanese companies
Ocean Minerals Co. (OMC, OMCO)	Lockheed Group	Lockheed Missiles and Space, Billiton (Royal Dutch Shell), Standard Oil of Indiana and two others
Ocean Mining Associates (OMA)	U.S. Steel Group or Deepsea Ventures	U.S. Steel, United Minere and Sun Co.

Also active are the French Group and the Japanese Group, Deep Ocean Minerals Association: both combine state and private companies.

These nodules contain an estimated $2,000bn worth of cobalt, copper, manganese and nickel. Such U.S. companies as Kennecott Copper, Lockheed and U.S. Steel lead several consortia which have spent $200m on researching how to lift and process these minerals.

The draft convention on the Law of the Sea classes such resources as "the common heritage of mankind." It proposes they should be exploited in parallel by private companies and a new supranational enterprise.

U.S. mining companies are particularly disturbed at:

- Obligations to transfer technology to the enterprise and penalties for failures which could be beyond their control;
- Limitations on production levels;
- Unsatisfactory financial terms;
- Uncertainty over "grandfather rights"—the rights which companies researching in the *field* should have.

The vigour of the companies' campaign against the treaty is in marked contrast to their claims *that* the seabed is not the Eldorado it once seemed. "Forecasts for mineral demand have fallen. The prices necessary to make seabed mining profitable will make it practical to mine the onshore nickel from the presently uncommercial deposits of Australia, Indonesia, New Caledonia and the Philippines," one company says.

One some matters, European companies agree with the U.S. critics of the treaty, but say that if the U.S. wanted *to dig* its heels in, it should have done so long ago.

"We have long argued that production controls *are crazy in* concept and unworkable in practice," says Mr. Barry Smale Adams of Rio Tinto Zinc. But diplomats close to the negotiations say the U.S. Administration may have fallen victim to an "oversell" by some U.S. mining companies.

Further, the mining companies' interests clash with those of the oil companies. Shell, for instance, says it is "disappointed with last week's developments. As a member of the Lockheed mining consortium, it has reservations about some provisions in the draft convention. But it said yesterday that it remains in favour of a treaty "which it regards of great importance for the movement of oil". Most oil companies are unperturbed by the draft treaty's failure to provide for oil production from the deep seabed beyond national jurisdiction: "At no foreseeable prices is it likely that extracting this becomes profitable," one company says.

Then there are the strategic issues raised by a treaty which is in essence a compromise. "The Third World, in effect, is willing to grant the major naval powers, such as the U.S., the freedom of passage through straits and sealanes that we need in return for shared access to deep seabed resources." Mr. Elliot Richardson, the U.S. Law of the Sea negotiator who resigned last October, once said.

Last week Mr. George Taft, deputy director of the State Department's Office of the Law of the Sea Negotiations, told a Senate *sub-committee:* "The United States will not sacrifice an acceptable seabed regime that provides guaranteed access to the hard minerals of the deep seabed for U.S. miners for any other provisions contained in the draft." However, with the increasing U.S. interest in building up a rapid-deployment force, it is hard to see how the U.S. will be able to resist the arguments

Mr. Richardson believed it was impossible to separate the security and mining elements of the treaty, and rely on the unilateral mining legislation being passed by major Western countries. But after this weekend's abrupt replacement of the U.S. Law of the Sea team, including Mr. Taft, delegates at the UN fear the U.S. may start on a fresh tack.

These issues have overshadowed the immediate tasks facing delegates. A new President for the seven-year-old conference has to be elected: the respected Mr. H. S. Amerasinghe of Sri Lanka died in December. The problems of whether the European Community and the Palestine Liberation Organisation should participate in the treaty had to be resolved. Arguments on delimiting the continental shelf remained unsettled. Arrangements to protect investment and to introduce the treaty had to be made. And final details on some important mining points had to be dealt with. The hope had been that all this would be accomplished this spring and a treaty signed in Caracas in September. But that hope is dashed.

Israel Bank chief angers Cabinet

BY DAVID LENNON IN TEL AVIV

Mr. Gafny . . . excluded

A SERIOUS rift has opened up between the Israeli Treasury and the Governor of the Bank of Israel following the Governor's public criticism of planned reductions in personal taxes as "election economics." In an almost unprecedented move the Cabinet responded by excluding the Governor from this week's discussion on tax reforms.

With less than four months to go before the General Election, Mr. Yoram Aridor, the new Finance Minister, has embarked on a policy of mixing tax reductions with price freezes, or only moderate increases. The policy is designed to make the public forget the Government's dismal economic performance, which brought inflation to a world record of 132 per cent last year.

Mr. Arnon Gafny, the Bank Governor warned in a radio interview over the weekend that the cuts in income tax and the abolition of inheritance and most property tax would increase the Government deficit by Sh2bn to Sh3bn (£104m to £156m).

The Government did not invite Mr. Gafny to Sunday's Cabinet meeting, the first time in 27 years that a Governor, officially the Government's economic adviser, has not been asked to attend a discussion on economic matters. The Cabinet Secretary said the Governor was excluded because his views were already known from the radio interview.

The generally cautious Mr. Gafny last week warned that the economic steps now being taken would have an impact throughout the year. He told the Knesset Finance Committee: "I do not think that Israel, with its economic problems, can afford to blot out an entire year from the calendar of economic policy." It was up to the Bank of Israel and the Committee, he said, to apply "professional" consideration to economic affairs.

Mr. Yaacov Levinson of Bank Hapoalim, who may be the Labour Party nominee for Finance Minister, said yesterday that Mr. Aridor is simply subsidising prices without having any sound policy for the economy.

Philippines island to be evacuated

By Our Manila Correspondent

THE Philippine Armed Forces are planning to evacuate nearly half the population of the tiny island of Pata, south-west of Mindanao, following last month's massacre of over 100 Government troops on the island.

More than 7,000 people will be moved to another island. The Army is believed to have launched a campaign against a 400-strong group of Muslim guerrillas on Pata.

Brigadier General Delfin Castro, the Philippine Military Commander in the south, said that many civilians may have already died after Government forces chased the rebels into the hills, following the massacre by members of the Moro National Liberation Front.

President Marcos, who lifted martial law in January, has been fighting a Moslem secessionist rebellion in the southern Philippines for over a decade.

Khieu Samphan holds talks with Sihanouk

By Our Foreign Staff

MR. KHIEU SAMPHAN, Premier in Kampuchea's deposed Khmer Rouge Government, arrived in Pyongyang, capital of North Korea, yesterday for talks with Prince Norodom Sihanouk on efforts to create a united front to drive out Vietnamese forces from Kampuchea.

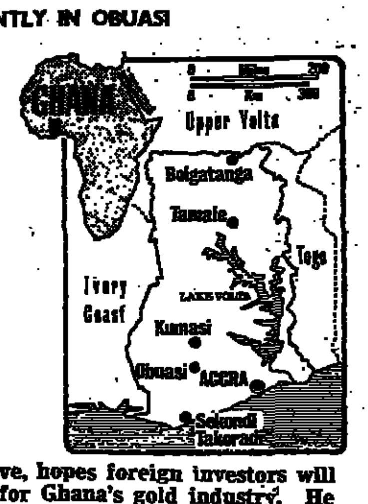
However, it seems that Khieu Samphan's visit may be in vain, since Prince Sihanouk stated in an interview with a correspondent for the Far Eastern Economic Review last week that this united front initiative was "simply a ploy" to reduce pressure on him

Prince Sihanouk told the correspondent that his main objectives were to displace the Khmer Rouge as representative of Kampuchea in the UN and to reach a political compromise with Vietnam.

ACCRA LOOKS FOR FOREIGN INVESTMENT IN MINING

Ghana sees gold at the tunnel's end

BY PATTI WALDMEIR, RECENTLY IN OBUASI



President Hilla Linmann, above, hopes foreign investors will look kindly on the proposals for Ghana's gold industry. He has ordered that the investment code now being prepared should take account of the recommendations of the gold committe presented at the recent gold seminar in Accra.

GHANA'S MOST productive gold mine, Ashanti Goldfields, at Obuasi, can make the unusual boast that it is almost self-sufficient in machinery. Ghana's prolonged economic crisis has left the gold-mining industry starved of foreign exchange, and it has had to fall back on its own inventiveness to survive.

"We have to be self-supporting to keep the mine going," said Mr. Peter Settle, the mine's chief engineer. He proves his case by pointing to cannibalised oil drums used for roofing. Even the cages in which the miners go down the pit are improvised by smelting and recasting metal scraps and disused machinery.

The lack of foreign exchange for much-needed spares and machinery has been a principal reason for the decline in Ghana's gold industry. Since 1974, production has sunk from 709,000 fine ounces to only 387,000 fine ounces in 1979.

However, Ashanti, 45 per cent owned by Lonrho and the rest by the Ghana government, is still one of the world's leading gold mines. Its production last year amounted to 232,000 ounces from a good average ore grade of 9.3 grammes a tonne. This provided a valuable source of foreign exchange for Ghana, especially in view of the country's reduced revenue from cocoa.

Because of this, it is reasonable to assume that in the event of the mine being in desperate need of vital items of imported machinery, Ghana would somehow find the necessary foreign exchange. Meanwhile, the mine continues to run very successfully and consideration is being given to expanding its production.

The soaring price of gold has encouraged the Ghanaian government to look at ways of reviving the flagging industry. An international seminar in Accra earlier this year was designed to attract overseas finance for a 20-year rehabilitation programme for the gold mines.

The Government proposed the development of 14 new mines at a total capital cost of $3bn. Although the industry is not taking very seriously Ghana's claim of being potentially as big a producer as the Soviet Union or South Africa, the prospects are encouraging. Last year saw the first small improvement in output, with total production at an estimated 400,000 fine ounces.

President Hilla Limann hopes foreign investors will look kindly on the proposals for Ghana's gold industry. He has ordered that the investment code now being prepared should take account of the "gold committee's" recommendations, presented at the seminar.

They include tax holidays to cover initial capital expenditure, relief from import duties for equipment, and guaranteed repatriation of capital and profits.

The committee also recommended that the Government should not insist on majority Ghanaian participation in all new ventures. According to Mr. Lloyd Quashie, chairman of the gold committee and deputy managing director of Ashanti Goldfields, wholly foreign-owned companies would be acceptable for the first 10 to 15 years of the 20-year programme.

The possibility of a gold-induced economic recovery seems the light at the end of the tunnel to many Ghanaians who had begun to despair of an escape from their economic plight. The economic problems of low-income Ghanaians have grown considerably in the past four months. The President's announcement last October of a 300 per cent rise in the minimum daily wage from Cedis 4 to Cedis 12 (£0.65 to £1.97), caused prices to rise accordingly.

But some of the committee's recommendations, if drafted into the new code, could cause an uproar in Parliament. To allow unlimited foreign participation in new ventures, for example, could prove politically unacceptable. Mr. Quashie admitted this, saying the code was more likely to require a minimum Ghanaian participation of 30 per cent at the outset, rising to majority ownership after initial capital costs were recovered.

The tax incentives proposed by the committee could also be criticised by some MPs. Even the managing director of Ashanti Goldfields, Mr. George Cappendell, spoke out against the concept of a five-to-ten-year tax holiday.

Several potential investors at the seminar echoed these sentiments in private. As one said: "The Ghanaians should be careful that they don't give away too much too soon."

Brezhnev letters add to pressure for a summit

BY ANTHONY ROBINSON, EAST EUROPEAN CORRESPONDENT

PRESIDENT Leonid Brezhnev, the Soviet leader, has elaborated in personal letters to Western leaders on Moscow's new overture to the West first outlined in his keynote speech to the Communist Party Congress last month.

Herr Helmut Schmidt, the West German Chancellor, was among the first recipients of the letter at the weekend, so ensuring that his Foreign Minister, Herr Hans-Dietrich Genscher, was fully briefed on its contents in readiness for talks with U.S. leaders in Washington.

Mr. Viktor Popov, the Soviet Ambassador to Britain, yesterday handed the letter to Mrs. Margaret Thatcher and was told: "It would be much easier to negotiate if Soviet troops were out of Afghanistan."

During her visit to Washington last week, Mrs. Thatcher advised President Reagan against any summit meeting until careful preparations had been made.

The Brezhnev letters appear to be aimed at increasing European pressure on the U.S. Administration both to agree to a summit meeting without delay and to resume negotiations on the SALT-2 arms limitation treaty which is currently in abeyance.

The Soviet decision to send a personal message to European leaders reflects Russian awareness of the divisions which exist between the U.S. and Western Europe over NATO plans to modernise its theatre nuclear forces.

Opposition to modernisation is strong within several NATO countries and deployment is conditional on the outcome of arms control negotiations with the Soviet Union. Differences extend beyond the modernisation issue, however, to the wider question of strategic arms negotiations and is linked to strong European pressure on the U.S. to resume SALT-2 negotiations.

Herr Genscher: briefed for talks in U.S.

In its initial reaction last month the West German Government rejected Mr. Brezhnev's call for a freeze on medium-range nuclear missiles already deployed.

But, like other Western Governments Bonn expressed interest in the Soviet offer to extend the area covered by "confidence building measures" to the entire European part of the Soviet Union. Herr Schmidt said on Saturday that he would urge President Reagan to agree to a summit meeting.

Most Western Governments have responded cautiously to the Brezhnev proposals pending clarification but hte new leters apparently contained "no new nuances" according to West German officials.

Few surprises likely in Reagan budget

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

PRESIDENT REAGAN today presents to Congress and the public the detailed economic package of spending and tax cuts that he unveiled in outline last month.

So many of the details have already been disclosed formally, as with the defence package, last week, or freely leaked in advance that few major surprises are expected. But the scope of the surgery on Government is thought to be so radical that controversy is certain to be enhanced, not diminished.

That would certainly appear to be the case in the latest official disclosure of exactly how the Administration intends to reduce federal loan and loan guarantee programmes by $34bn (£15.6bn) below the levels proposed by President Carter for the current and next fiscal year in his final budget in January.

According to Mr. David Stockman, the Budget Director, the purpose is to reduce the role of federal Government in the credit markets, thus giving greater freedom of manoeuvre to the private sector.

The biggest single reduction, by about $5bn this year and $9bn next, is in the ceilings for Federal Housing Administration mortgages, a cornerstone of the U.S. housing market.

Mr. Stockman said over the weekend that the private sector was more than capable of providing sufficient mortgage insurance. "We will have not one dime of difference in how much credit is available," he said, "but we will have a major shift in how it is allocated."

Other loan and guarantee programmes which the Administration will propose to reduce include student loans, small business credits and farming assistance, as well as a deep cut, announced last month, in the lending authority of the Export Import Bank.

Equally controversial—and likely to ignite the passions of the special interest groups which President Reagan has taken to criticising—is the policy of consolidating many individual federal programmes into block Government grants to state and local authorities while simultaneously reducing overall outlays.

These include such socially sensitive efforts as mine health and safety, birth control, drug and alcohol abuse and inner city community health programmes.

The Administration's philosophy is that the federal Government often no longer administers such efforts well and that they should be handed over to state jurisdiction. Recipients of such aid argue that local authorities are ill-equipped to ensure that the poor will be taken care of.

The Administration, while leaving intact what it calls the basic safety net of social security protection, may introduce a provision into some social programmes requiring that recipients must work in public jobs as a condition for getting benefits.

This "workfare" provision is a concept dear to conservative Republicans who contend that the welfare rolls are riddled with fraud.

More arms aid planned

BY OUR WASHINGTON CORRESPONDENT

THE Administration is planning to follow last week's announcement of new arms sales to Saudi Arabia with increased military and economic aid to selected friendly countries in the region from Turkey to Pakistan.

The Saudi purchase of extra equipment for F-15 fighters, and probably of U.S.-made radar planes and tanker refuelling aircraft, was described as "the first step" in redressing a "deteriorating security situation" in the Middle East.

It has already been announced that Israel will get an extra $600m (£255m) in cheap credit over 1982-84 to buy more U.S. arms to offset the Saudi sales.

Officials are now preparing plans to increase military and economic aid to other countries such as Turkey, Egypt, Jordan and Pakistan, and the Administration is opening the door wider for pro-Western Gulf oil states to shop for arms

Treaty withdrawal sours relations with Ottawa

BY VICTOR MACKIE IN OTTAWA

A SERIES of actions by Washington has soured U.S.-Canadian relations on the eve of President Ronald Reagan's arrival today for his first official visit to Canada.

Angry Canadian officials spent the weekend hurriedly preparing revised briefing papers expressing their country's "profound disappointment and regret" after Washington announced that the U.S. had decided to refer a dispute over ocean boundaries off the east coast to the International Court of Justice. The U.S. has also decided unilaterally to abandon an east coast fisheries agreement.

To add to dismay in Ottawa, the new U.S. Government has said it wants to review plans for a C$22bn (£8.4bn) natural gas pipeline from Alaska to the western U.S. and the industrial provinces of Canada. Work has already begun on the pipeline after the Carter Administration gave its approval.

A statement issued yesterday by Mr. Mark MacGuigan, Secretary of State for External Affairs and Mr. Romeo Le Blanc, Fisheries Minister, protested at the U.S. decision to abandon the fisheries agreement, which was signed by both countries in 1979.

David Buchan in Washington assesses President Reagan's plans to pare benefits for the unemployed

White House war on the attractions of unemployment

"WE WIND UP paying greater benefits to those who lose their jobs because of foreign competition than we do to their friends and neighbours who are laid off due to domestic competition. Anyone must agree that this is unfair."

Thus spoke President Ronald Reagan on February 18 when, as part of his budget cuts, he proposed drastically curtailing "trade adjustment assistance" (TAA) a programme some 20 years old which helps people put out of work by rising imports.

Mr. Reagan wants to pare back TAA, which can provide a worker with $270 a week for up to two weeks, and bring it into line with standard benefits. Yet he also proposes cutting back standard dole payments, both by states and the federal government. The aim appears to be to crack down on what the Republican Administration perceives to be welfare scroungers, and in general encourage a faster shake-out of labour into growing sectors, by making the dole less attractive.

But the plan to cut TAA funds from $2.7bn in the current year to $350m next year has brought both a shout of protest from the United Auto Workers union, by far the biggest beneficiary of TAA, and concern that it will exacerbate protectionist pressure.

"Unfair" or not, TAA is certainly unusual. The U.S. is the only major trading country with such a system. It was conceived to induce American labour to agree to lower tariffs and quotas on foreign goods. Since it was introduced in 1962 during the Kennedy round of trade negotiations, for the General Agreement on Tariffs and Trade, it has been continued under successive trade acts in 1974 and 1979, always with the same aim of making freer trade seem less painful to U.S. workers.

Although cities and companies are in theory eligible for TAA, only workers have received it in practice, after the Labour Department in Washington has certified that rising imports were a major cause of their redundancy. The programme only really started paying out large sums in the early 1970s, but in the words of one official "was working quite well until the car industry hit it" last year. Due to the surge of Japanese car imports, 400,000 car union members were declared eligible to draw TAA last year—two-thirds of the total getting import relief aid. Many of the rest were made redundant in the car component industry.

The car workers' union says the rise in TAA payments—from $1.6bn in 1979-80 to $2.7bn this year—has been a very valuable aid to their members, of whom 200,000 are still laid off, and a vital underpinning to the economies of such motor industry towns as Flint, Michigan, or Anderson, Indiana.

Two other Reagan proposals have attracted wider union opposition, from the AFL-CIO federation. They would affect the present hybrid system governing unemployment pay in the U.S., in which individual states shoulder the costs of an individual's first 26 weeks of redundancy, and the federal government steps in if the unemployment rate reaches a certain trigger level nationally or in a state, with a 50 per cent contribution after 26 weeks.

Thus, states bear most unemployment pay costs—$13bn in 1980 and paid out of taxes raised in the states. But it all appears as a charge on the federal budget. Hence Mr. Reagan's interest in cutting even state payments.

The Federal Government now pays "extended" benefits to all 50 states when the national unemployment rate hits 4.5 per cent of the insured workforce. Mr. Reagan wants to scrap this, arguing that it no longer makes sense when the last two recessions, 1974-5 and 1980, have been spread very spottily. It does indeed seem less than useful for Sun Belt states, with unemployment rates of around 2 per cent, to receive extra federal benefits simply because the Mid-West and North-East have sent the national unemployment rate above 4.5 per cent.

But the unions argue that a purely state "trigger" for federal benefits, which Mr. Reagan wants, may be almost as arbitrary, since economic conditions can vary as much inside states as between them. The AFL-CIO has also objected to Mr. Reagan's proposal that the yardstick for federal benefits be as high as 5 to 6 per cent unemployed of the insured workforce. This, the unions say, would mean a real unemployment rate of 8-9 per cent, because those with insurance do not include people coming on to the labour market for the first time and certain other categories.

What, however, has aroused more union ire is Mr. Reagan's plan for legislation which would require all unemployed after three months to take the first job offered at the minimum wage of just over $3 an hour. One AFL-CIO official said: "We recognise that workers have to lower their sights after some weeks of failing to find jobs," but that it was a complete waste for a skilled machinist to wind up wiping tables at a hamburger restaurant.

Democrats on Capital Hill, particularly in the House, plan to resist some of the proposed changes, and they believe they have a chance with the plan to tighten eligibility for unemployment pay. They point out this amounts to federal intervention in States' use of their own money, supposedly anathema to Mr. Reagan.

In the end, the wisdom of the planned unemployment pay cuts may turn on the general course of the economy. They may seem tolerable if the Administration is proved right in its forecast of unemployment declining from a high of 7.8 per cent this year to 7.2 per cent in 1982, 6.6 per cent in 1983, and 6.4 per cent in 1984. If the trend is not downward, however, Mr. Reagan could be in for trouble.

Miners protest over 'black lung' changes

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

Thousands of U.S. coal-miners yesterday demonstrated outside the White House in protest against the Administration's plans to cut back severely on federal funding for the "black lung" benefits programme.

The United Mineworkers' Union has also called on its 160,000 members to observe a two-day walk-out from the pits.

This is the first major union protest in Washington since independent farmers, who hardly classify as a formal trade union, blockaded Washington with their tractors in 1978.

"Black lung" is the notorous respiratory ailment contracted through protracted exposure to fine coal dust. It has been the bane of miners, especially in the deep pits of Appalachia.

Mr. Sam Church, the Union president, has accused the Administration of having "little or no understanding of the disease." It has been estimated that the existing programme treats more than 30,000 miners for black lung each year.

The Administration plans to convert many social programmes, including black lung, into block grants, in effect turning them over to the States to administer.

This has been criticised because many States lack the will and expertise to continue the job as effectively as the federal Government.

Russia to reduce oil shipments to Europe by 20%

BY DAVID SATTER IN MOSCOW

SOVIET OIL deliveries to Western Europe will be cut this year to individual countries by 20-25 per cent, Italian officials in Moscow said yesterday.

The reason for the cut in the volume of deliveries, which is expected to be balanced by a sharp rise in price, was said to be "technical difficulties" in production.

The Italian Embassy said they had been informed of the reductions by the Soviet Foreign Trade Ministry.

Soviet oil production was expected in 1976 to rise to between 620m-640m tonnes a year by 1980 but came to only 603m tonnes. It is planned to increase by only 1 per cent a year between 1981 and 1985.

Agreement

The "technical difficulties" are understod to stem from stagnating domestic production, largely because the industry has not been able to maintain a rate of exploration needed to uncover major new reserves. Soviet experts have complained of lack of vital production equipment, which is said to be increasing in costs ten times as rapidly as the project rate of production.

The Soviet Union has reduced oil exports to the West recently in order to conserve oil for internal use and for export to the Comecon bloc which is to receive about 80m tonnes a year at protected prices over the next five years.

The cutback in oil sales to the West, which has been noticeable in recent years, has not harmed the Soviet Union's financial position, because the rising price of oil in world markets has helped the Soviets to all but eliminate their deficit in trade with the West.

Deficit

Italy imported 5.2m tonnes of Soviet crude oil in 1980 and this is to be reduced to 4m tonnes this year, the Italian officials said.

Other Western European importers of Soviet oil said that they expected oil availability to be cut by similar amounts but had no precise information as to how large the cuts would be.

Only France, which has a direct commodity exchange agreement with the Soviet Union covering a portion of French oil imports, is expected to face cuts in its oil imports of less than 20 to 25 per cent.

It is now expected that the Soviet Union will exercise particular selectivity in its oil exports in the future, favouring countries such as Finland and India, and, to a lesser extent, France with which it wants to strengthen economic and political ties.

U.S. phenol target of dumping action

By Giles Merritt in Brussels

THE LATEST in the "tidal wave" of anti-dumping actions promised by the European chemical industry against U.S. competitors has been launched by the European Commission in Brussels.

The target of the new anti-dumping probe is phenol being sold by U.S. producers in the EEC with alleged dumping margins of around 30 per cent.

The singling out of phenol and phenyl salts, which are among the basic "building blocks" of the chemical industry, comes less than a month after the Brussels authorities' announcement that U.S. fluid catalysts based on silicon oxide and aluminium oxide had been added to the list of products under investigation by the anti-dumping department.

These include acrylonitrile, paraxylene and orthoxylene, while vinyl acetate monomer and styrene monomer produced in the U.S. have now both had provisional anti-dumping duties imposed on them by the European Commission.

All the dumping complaints have ben brought by CEFIC, the Brussels-based umbrella organisation that groups EEC chemical industry federations. But recently CEFIC took the unusual step of openly charging that the Commission's anti-dumping procedures are "inadequate."

It said that the 4 per cent duty imposed on styrene monomer was "astonishingly low."

UK tries to discover Japan import 'barriers'

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

THE BRITISH Chamber of Commerce in Japan has sent circulars to its members to discover what kinds of barriers exist to their imports into Japan.

Marked "urgent," the questionnaire asks for details of legal barriers—such as food sanitary laws, industrial standards and consumer safety laws—as well as for information about "administrative" barriers.

The despatch of the questionnaire reflects concern at what appears to be a steady fall in the UK's sales to Japan.

In 1980, British export earnings fell 1.5 per cent to £597m, while Japan's exports to the UK rose 15 per cent to £1.7bn. The position worsened further in January with a 6.9 per cent fall in UK exports (to £47.4m) contrasting with a 7.2 per cent rise in Britain's imports from Japan (to £155.6m).

Much of the blame for the decline in British exports is being put on the artificially high sterling exchange rate which prevailed during much of 1980.

The chamber, however, apparently believes that it may be worth trying to pin down specific obstacles to UK exports with a view to taking up such cases with Japanese officials.

The American Chamber of Commerce in Tokyo has been doing just this for some months with apparently encouraging results.

Japan continues to be one of the main targets of export promotion expenditure by the British Overseas Trade Board, despite the pessimism of some senior UK officials about the prospects for increasing UK export earnings.

One reason for this is the feeling that the UK must be "seen" to be doing its best to right the trade imbalance between the two countries. A passive British attitude towards exports would accord poorly with the efforts the Government is making to persuade Japan to exercise "restraint" in the UK market.

UK exports to Japan rely heavily on traditional items such as beverages (£61m in the first eleven months of 1980) and textiles (£40m, but down steeply from the previous year).

A potential growth area is defence equipment but the value of defence sales is extremly small compared with the "traditional" items.

Reagan Cabinet officers in plea on Tokyo car imports

BY DAVID BUCHAN IN WASHINGTON

THE U.S. Administration should be left free to negotiate car import restraint with Japan rather than have its hand forced by Congress passing compulsory quotas on Japanese vehicles, two Cabinet officers of the Reagan Administration said on Capitol Hill yesterday.

Mr. Bill Brock, White House Trade Representative, and Mr. Drew Lewis, Transport Secretary, appeared before the Senate Trade Sub-Committee hearings, whose Chairman, Senator John Danforth of Missouri, a car-producing state, has introduced a Bill to cut Japanese car imports from their 1980 level of 1.9m to 1.6m in each of the next three years.

Both stressed the Administration's special task force on remedies for the U.S. car industry had not finished its work and until it did, there would be no official decision on import policy. But Mr. Brock said yesterday that the Bill for quotas might cause problems in view of U.S. GATT obligations.

Yesterday's hearings showed that views about Japanese cars in the Congress are as diverse as those in the Administration, where there is a split between foreign policymakers and economists on the one hand who fear the disruptive and inflationary effects of protectionism, and the political tacticians in the White House and Mr. Lewis who believe some import relief is vital for Detroit's future health.

The two Senators from Michigan told the Trade Sub-Committee yesterday that 1.6m cars a year from Japan was too high a ceiling, and even Senator Danforth admitted that picking a quota number was "more of an art than a science."

Senator Dan Quayle of Indiana, another car-producing state, said the quotas would be ineffective in restoring employment to the auto industry and that a better alternative would be a $750 tax credit for every purchase of U.S.-made cars or light trucks.

He claimed this might on paper cost the U.S. Treasury $10bn over 18 months to the end of 1982.

GATT rejects move to curb textile imports by Greece

BY BRIJ KHINDARIA IN GENEVA

A DECISION by the Common Market to require Greece to restrict Third World textile imports—as part of its price for EEC membership, has been refused approval by the main textile watchdog group, within the General Agreement on Tariffs and Trade (GATT).

The curbs are part of agreements concluded by the previous nine-member Community with 18 developing countries to regulate textile imports and protect domestic producers. When Greece entered the Community this year, it was obliged to apply the provisions of those agreements although it does not have problems, such a crippling flood of imports on domestic markets, experienced by more advanced EEC members including Britain, France and Italy.

GATT's textile surveillance body, which oversees the Multi-Fibres Arrangement (MFA), said that the Community should not oblige Greece to obey the terms of agreement concluded before its EEC membership. The accords, with countries such as South Korea, Taiwan, Hong Kong, Singapore, Brazil, India, and Egypt, were concluded as part of the MFA in 1979 and 1980.

The textile surveillance body said both Brussels and Athens must first demonstrate that serious injury has occurred to Greece's textile makers because of imports from the 18 countries involved.

Community delegates to GATT replied that import quotas are set for the EEC as a whole and then shared out among exporting countries.

Tourism still growing, says OECD report

BY ROBERT MAUTHNER IN PARIS

TOURISM APPEARS to have been hit less than most other sectors by the slack world economy in 1980, according to the latest statistics released by the Organisation for Economic Co-operation and Development (OECD).

The number of arrivals of foreign visitors in 18 member countries and Yugoslavia increased by 7 per cent in 1980, compared with only 3 per cent in 1979. On the other hand, international tourist receipts, at current prices, which totalled $72bn (£31.3bn) and expenditure, which reached $76bn, increased at a slower rate than in 1979.

Both increased by about 15 per cent last year, whereas receipts had grown by 19 per cent and expenditure by 22 per cent in 1979. OECD member countries' receipts amounted to some 78 per cent of world receipts from international tourism, estimated by the World Tourism Organisation at $92bn in 1980.

However, in real terms—allowing for the incidence of inflation and exchange rate fluctuations—the evidence points to an increased volume of only 2 per cent in 1980 for the OECD area as a whole, as against 3 per cent in 1979 and about 1 per cent for the European member countries, compared with 2 per cent in 1979.

According to the OECD estimates, the 7 per cent rise in foreign tourist arrivals was due mainly to a 17 per cent increase in North America and only a 4 per cent rise in Europe. A large increase of 16 per cent was registered by the Australasia-Japan group.

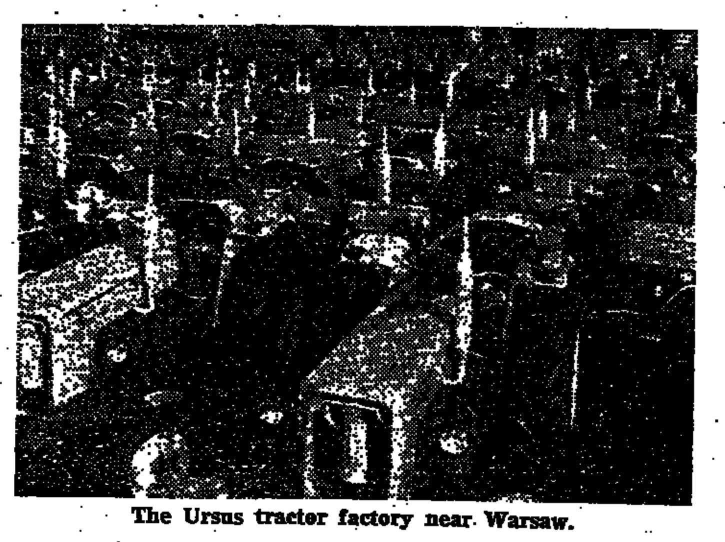
Leslie Colitt, recently in Warsaw, reports on an ambitious venture

Massey's Polish plans hit snags

WHEN MASSEY-FERGUSON and Perkins Engines concluded their £200m tractor and engine licensing deal with Poland in 1974, it was seen as a breakthrough for Western companies trying to establish business ties with the East European country.

Nearly seven years and several hundred million pounds later, the optimism of the Canadian farm equipment maker and its UK subsidiary appears to have been premature.

The root cause lies in the fact that Poland, in attempting to close its industrial gap to the West by buying advanced technology from hundreds of Western companies, bit off more than it could chew.



The Ursus tractor factory near Warsaw.

That result is that many companies, most especially Massey Ferguson and Perkins, have found Poland lacking the kind of infrastructure needed for undertaking such ambitious projects.

What was to have been Europe's most modern integrated tractor plant is still under construction at the sprawling Ursus tractor works outside Warsaw, but only a fraction of the originally planned Massey-Ferguson tractors and Perkins diesel engines are being produced. Each licensed tractor assembled by Ursus costs Poland scarce hard currency, as most of the components are imported from the West. This is the reason the number of Massey tractors to be assembled this year was recently further reduced by 300 units simply in order to save Western currency.

The original plan was for the factory to turn out 75,000 Massey tractors and 90,000 Perkins engines this year. After many revisions, the goal for 1981 is just 500 tractors and 8,000-10,000 engines. By now a number of the tractors ought to have been exported to the West to earn convertible currency, but this prospect appears increasingly remote.

Mr. Edward Lesnik, the technical director of Ursus, helped negotiate the contract and was a signatory to it. He says the original target figures for this year are now not expected to be achieved until 1985. However overall output of Ursus-designed tractors was 56,500 last year and is expected to be 55,000 this year, and will include badly needed production of spare parts. At least 40,000 out of Poland's 600,000 operating tractors are estimated to be out of service because of a lack of spares.

Ursus engineers say priority was given to completing construction of the machining departments at the tail end of the new Massey production line instead of assuring that the basics—the foundry and forge designed by GKN contractors—were completed first. They note the machining departments are now finished but that the extensions to the forge and foundry are not. The problem is that without Polish-made forgings and castings which can be machined into Massey tractor parts, the expensive Western equipment in the machining departments remains idle or under-used, and the components have to be imported.

Mr. Lesnik explains that two years ago a great deal more imported machinery remained in crates because the floors had not been prepared for them. The Western suppliers, if they even agreed to delay delivery machines, were demanding extra payment. Some of the equipment is still in boxes but he is trying to have the installed machinery used for other lines of production.

Output of Perkins engines has been less seriously affected than tractors because most of the components are Polish-made. However another use has to be found for them and the Perkins diesel is being tested in one of Ursus' own model tractors.

"If all goes well," Mr. Lesnik says, the bulk of the Perkins engines will soon be powering Polish-designed tractors and, perhaps, fork-lift trucks.

A moulding line for the Massey tractor is now ready and the fettering shop is scheduled to start work some time this year along with part of the forge. This year and next are to be used to make up for delays and to synchronise the start of full-scale production.

It is hoped that by 1983 some 3,000 to 5,000 tractors can be turned out, and by 1985 Ursus expects to produce the 75,000 Massey tractors and 90,000 Perkins engines which were to have been made this year. About 2 per cent of the value of the tractors will then consist of imported parts.

Simultaneously Ursus plans to reduce output of its model tractors to about 25,000 units in 1986, mostly larger models with engines of more than 75 horsepower.

Whether Ursus will ever be able to export its Massey tractors and spare parts to the West as envisioned in a clause of the contract does not depend entirely on the Polish side, for, as Mr. Lesnik put it: "The situation of the Massey Ferguson company is well known."

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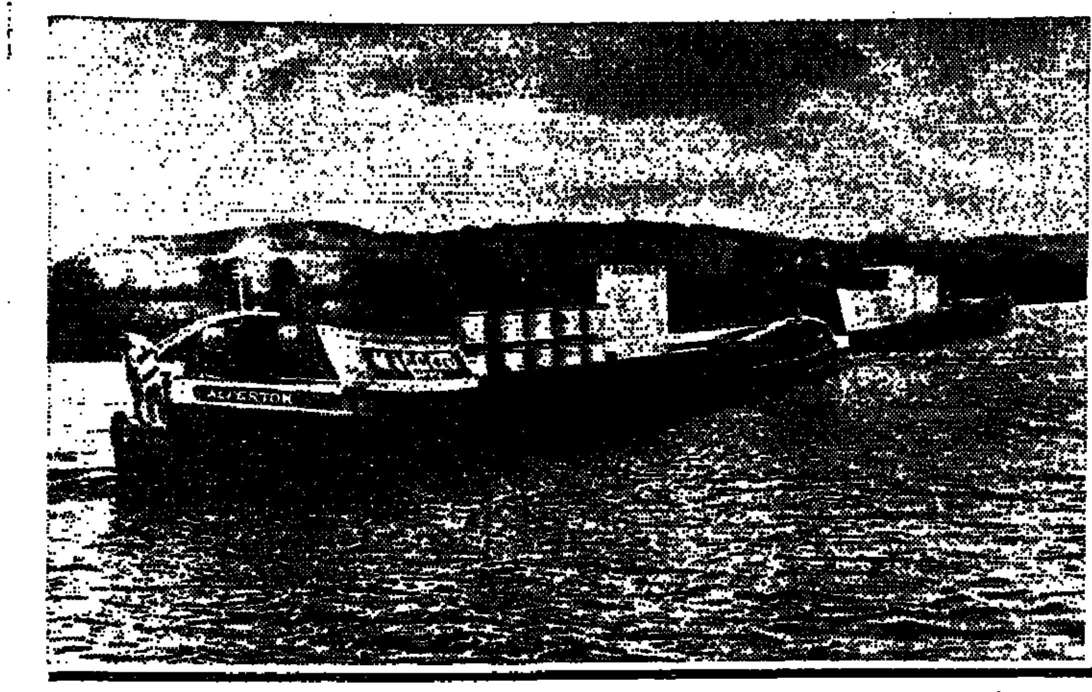


New role sought for old canals

BY MAURICE SAMUELSON

BRITAIN'S canals, the most impressive relic of the first industrial revolution, are collapsing because of the stinginess of successive Governments.

Unless urgent repairs are carried on to embankments, reservoirs, tunnels, bridges and locks, they will pose a growing danger to surrounding towns and countryside.

That was the desperate message spelled out last Friday by Sir Frank Price, chairman of the Britis hWaterways Board, responsible for 2,000 miles of inland waterways in England, Scotland and Wales.

In calling for £120m of Government support to put right the years of neglect, Sir Frank was joining the queue of other, more powerful nationalised industries asking for relaxation of the Government purse strings.

Sir Frank, in his speech to the Staffordshire and Worcestershire Canal Society, accused successive Governments of trying to evade responsibilities for the waterways and catalogued the resulting backlog of work which needed to be done:

The Board needed £71m to deal with 90 old reservoirs; £5.7m for bridge repairs; £9m to strengthen bridges so that they can take bigger lorries authorised by the EEC; £31m for repairs to just four of the Board's 46 active tunnels.

This was on top of the maintenance recommended in the much discussed Fraenkel report in 1975 and now valued at £100m.

These are the amounts of money which, according to Sir Frank, are needed merely to preserve the canal system. But what of its future as an alternative way of carrying freight in the era of expensive petroleum?

So far there are only hesitant signs of a return to the waterways from rail and road. Between 1963 and 1978 the amount of freight carried on Britain's waterways fell from 7m tonnes to 5m tonnes. In terms of tonnes carried per kilometre the drop in the same decade was even more pronounced—from 140m to under 85m—a drop of 45 per cent.

The Board announced last year its first joint venture with private enterprise to carry 20m tonnes of minestone waste on Scottish canals. Purpose built craft, so called push tow units with barges with self discharge mechanisms have been designed to carry 870,000 tonnes of stone a year.

An even more revolutionary idea recently put to the Board is for pilotless barges. The plan was worked out by Tine, Curtis and Gross, a London management consultancy, which says the problem depends on finding a customer who is not too worried about his goods being stolen.

The system, would be suitable for heavy loads such as coal, construction materials or agricultural produce. In the meantime, the company agrees, the canals are "in a terrible state because they have been starved of cash."

Gaming licences lost by ex-Coral casinos

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THREE WELL known casinos in the West End of London closed yesterday after appeals against cancellation of their gaming licences were dismissed.

They were the Curzon House Club, the International Sporting Club and the Palm Beach Casino, all owned by the Coral Leisure Group until a few months ago.

The new owners, Mr. John Aspinall (Curzon House), Lonrho (the International) and the Mecca entertainment subsidiary of Grand Metropolitan (Palm Beach), contended that, although bearing the same names, the casinos were now run by "fit and proper" persons.

But Judge Friend said at Knightsbridge Crown Court that the new owners had known perfectly well what the circumstances were when they acquired the casinos.

They were endeavouring to circumvent the provisions of the Gaming Act, he said.

If their appeals were allowed, he said, it would mean that an improperly run casino—which had lost its licence—could be sold and the cancellation of its licence, the ultimate sanction, would be obviated.

The appeals had been opposed by the police and the gaming board, which said there had been an attempt to conceal widespread dishonesty and gaming offences at the casinos.

The three clubs were raided by the police in November 1979. Criminal charges were later brought against a number of Coral employees.

Coral began talks on the sale of the casinos in November last year. First to go was the Palm Beach, in which Gordon Hotels, a Grand Met company, already had a one-third interest. The International Sporting Club and another Coral casino, Crockfords, were part of a package of five casinos sold to Lonrho in January. Mr. Aspinall bought Curzon House later in the same month.

Winding-up plea restored on Claybridge Shipping

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

UNITED BANK, the London branch of a Pakistan bank, is owed at least $15m (£6.88m) by Claybridge Shipping Company, the Court of Appeal said yesterday.

The court restored the bank's petition for the compulsory winding-up of Claybridge, which had been removed from the file by a High Court judge on the ground that the bank's $30m petition debt was disputed.

Lord Denning said Claybridge, a Panama company, carried on a very speculative trading business, chartering ships and then sub-chartering them to cargo owners. By the beginning of last year it had been in great difficulty and its overdraft with United Bank reached about $30m.

United Bank issued a petition for winding-up, which Claybridge contested — contending that the bank in fact owed it $20m to $30m.

Since the High Court hearing Claybridge's accounts had been comprehensively analysed by London chartered accountants. It had been shown conclusively that at least $15m was owing to the bank.

United was therefore a creditor for at least that amount, and this was sufficient to warrant the petition going forward, said Lord Denning.

The court also continued a "Mareva" injunction stopping Claybridge removing any of its assets out of the UK.

Lord Denning said there were circumstances, particularly when a foreign company was involved, when the rule that a petition could not be based on a disputed debt should not apply.

Many foreign companies carried on business in the UK whose assets were liable, at a moment's notice, to be removed from the creditors' reach.

There was also a danger of UK companies removing their assets from jurisdiction if there was a delay while the court ruled on the validity of a debt.

Airship will praise Stuyvesant to the skies

By Michael Donne, Aerospace Correspondent

PETER STUYVESANT, the cigarette maker, is buying a small airship for promotional purposes, from ThunderColt, of Oswestry, Shropshire, through Lighter-than-Air, the hot-air balloon operators.

The craft, costing more than £10,000, combines hot air balloon and airship technology to produce a lighter-than-air vehicle which can be operated cheaply. It avoids the cost of helium, and the dangers of hydrogen.

Described as a "thermal airship," the craft can be inflated and deflated at will, using hot air. It can be towed anywhere on a trailer and inflated on the spot. Shaped rather like a Second World War barrage balloon, it has a small crew-gondola underneath the air-bag. Propulsion is by a small Honda petrol-driven propeller engine.

The craft is 100 feet long, stands 40 feet high when inflated, and contains 75,000 cubic feet of hot air. It can cruise at over 20 knots at up to 9,000 feet.

Peter Stuyvesant will use the airship for advertising and promotion at air shows, agricultural and other events in the UK and overseas.

The manufacturer, foresees demand for this kind of craft both in agricultural aviation, as a crop sprayer, and in freight carriage. Further uses include traffic surveillance and reconnaissance missions of all kinds.

The ThunderColt hot air craft, called AS-80, is one of the two new airship designs under development in the UK. The other is a larger craft being built by Airship Industries in the Isle of Man, intended initially for cargo transport.

The AS-80 has already flown at the Ministry of Defence's airfield at Cardington, Bedfordshire, which has been for many years the home of airship development in the UK.

It is intended to take the ThunderColt craft across the Channel soon, to demonstrate its ability to remain airborne for extended periods, and as part of its flight test programme.

No ordinary nationalised industry

Jason Crisp looks at Cable and Wireless, which benefited abroad from Government ownership

LORD GLENAMARA, chairman of Cable and Wireless from 1976 until last October, took the opportunity in his last chairman's report to emphasise that the company was no ordinary nationalised industry.

Unlike other of the breed, it was not governed by statute. It did not have a monopolistic activity in the UK econmy, nor was it protected by being a large UK employer.

Cable and Wireless operates under the Companies Acts although it is wholly owned by the Government. It also has to compete hard for international markets.

But Lord Glenamara believed that outside Britain the fact the company was owned by the British Government could be an asset. Cable and Wireless could be trusted to be impartial when given the sensitive task of running other countries telecommunications projects or systems.

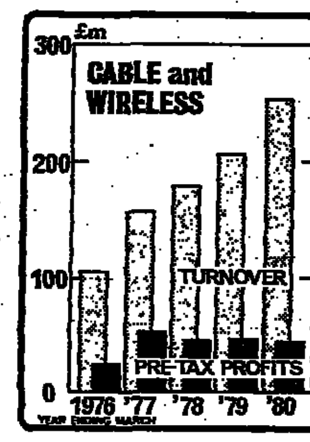
Although Cable and Wireless has a very high reputation in international telecommunications, it has remained relatively unknown in the UK. The great majority of its business and all but 2,000 of its 11,600 staff are outside the UK.

Ironically it has often become known in the UK for comparatively trival reasons—such as the low pay levels of the directors and the cost of flying a number of staff to a party to celebrate its 50th anniversary.

Cable and Wireless was nationalised in 1947, when it was seen as something of a post-colonial relic which had little future.

But several countries unexpectedly renewed contracts with Cable and Wireless for the running of their international communications. A number of countries also let Cable and Wireless continue to run their internal communication systems.

But in the early 1960s it began to lose a number of interests in South-West Asia—most notably Singapore in 1964—and in West Africa. But it was compensated to some extent by a growth in traffic on international lines.



Public telecommunications still account for 69 per cent of Cable and Wireless' turnover of £154.8m for the year ending March 31, 1980. The other main sector of business is Communication Systems and Services which grew by 83 per cent last year—substantially boosted by its biggest contract to date with Saudi Arabia.

In 1975 it won a contract worth over £300m to install a complete communications system for the Saudi Naional Guard. It is responsible for designing, installing, operating and maintaining the system as well as for providing a training facility for the National Guard.

The decision to go into project management was taken after a disastrous attempt at diversification in 1972 when it bought Coltronics, a small Hong Kong electronics company.

The company was to make components for the group and to trade in other electronic products. A foray by Coltronics into pocket calculators turned out to be very expensive for Cable and Wireless—as it did for many other manufacturers who ventured into that field.

In addition to its major telecommunications projects, Cable and Wireless supplies small specialist systems. It has won a number of projects to install communication and navigation equipment in airports, including Jordan and Abu Dhabi. It installs hotel and security communications systems, and owns five cable-laying ships.

It provides public telecommunications services in 31 countries under franchises granted by their Governments. It also provides and manages telecommunications facilities and consultancy services in 70 countries in all.

However, as Mr. Eric Sharp, the chairman, pointed out yesterday, between 55 and 60 per cent of Cable and Wireless's gross revenues come from Hong Kong and Bahrain, where its activities are to be recast.

Although its U.S. operations are still fairly small, the company has said that the changing legislation there is opening up a number of possibilities. In the UK, the proposed liberalisation of the telecommunications monopoly is also likely to increase its scope.

It is part of a consortium with BP and Barclays Bank which is looking at the feasability of setting up a rival network to that of British Telecom for business users.

Scots agency shelves plan to hive off investments

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE SCOTTISH Development Agency has shelved indefinitely a plan to hive off its industrial investments to a separate holding company.

The company, provisionally named Scothold, was seen by the Government as a means of ensuring closer involvement by the private sector in the agency's investment activity.

Its board would have included directors from banks and private industry who were intended to introduce an element of commercial caution into investment decisions.

But the agency saw Scothold as a holding company for its industrial portfolio and as a means of taking pressure off its staff, who were having to devote an increasing proportion of their time to monitoring and attempting to correct the performance of subsidiary and associate companies.

That justification has largely gone with the sale or collapse into receivership of about half of the companies in which the agency had stakes.

Mr. Robert McEwan, financial director of the agency, said: "We were almost at the point of setting up Scothold but that it is probably not likely to happen for the foreseeable future.

"We saw the company as a form of conglomerate holding company but, because our subsidiary portfolio has contracted, that reason has now disappeared."

Queen Mother to launch Ark Royal

THE QUEEN MOTHER is to launch the aircraft carrier Ark Royal at Wallsend, Tyne and Wear, on June 2.

She launched the previous Ark Royal in 1950, and always maintained strong links with the ship until it ended service in 1978.

The new warship will be the fifth Ark Royal.

Chinese scroll portrait fetches £3,100

BOTH THE main salerooms of Sotheby's and Christies' were quiet yesterday but Philips and Jollys of Bath sold pictures for £19,440, with a Chinese scroll portrait of a mandarin, painted in the style of Sun Qua, selling for £3,100 and a similar portrait making £2,300 to the same anonymous buyer.

At Christie's South Kensington, plate was in demand. A set of six Old Sheffield chop plates fetched £280, well above forecast, and a pair of Old Sheffield wine coasters by Matthew Boulton, about 1810, realised £180.

Top price was the £1,600 for a George IV silver gilt dessert service of 36 pieces by William Traies.

Sotheby's first auction of modern art in Milan did well, with a total of £254,232 and a very modest 5 per cent bought in. A nude by Felice Casorati made the top price of £25,000 and "Le muse inquietani" by Chirico went for £21,930.

Appeal sought by Kagan over sentence of theft

LORD KAGAN, jailed for 10 months last December on theft and false accounting charges, is to seek leave to appeal against his sentence on Friday.

The application by Lord Kagan, who founded the Gannex textile group, will be heard by Lord Lane, the Lord Chief Justice, and two other judges at the Court of Appeal.

The 65-year-old peer, who was also disqualified from company directorship for three years by Mr. Justice Smith at Leeds Crown Court on December 12, will not be brought to London from Rudgate Prison in Wetherby, Yorkshire, where he is serving his sentence.

He had pleaded guilty to stealing drums of indigo dye from his company, Kagan Textiles, and falsifying accounts. A £105,000 fine was also imposed at the crown court was later reduced by Mr. Justice Smith to £56,000.

The appeal judges will also hear an application by Cellofoam (Yorkshire) against its £375,000 fine for conspiracy to defraud.

Lord Kagan's son Michael, 30, and Lady Margaret Kagan, 56, were acquitted of all charges against them by direction of the judge. Also acquitted was Raymond Kennedy, 54, and Ibolya Ginsburg, 55.

Lord Kagan was born in Lithuania and came to the UK in 1946. He has residences in Huddersfield and at Barkisland near Halifax.

BR extends steam train service

BRITISH RAIL is to run more steam trains between York and Scarborough this summer, after last year's successful operation. Eight restored locomotives will be used, including the Flying Scotsman and the streamlined Sir Nigel Gresley.

The special midweek and Bank Holiday services are being named the Scarborough Spa Express to mark the reopening of the town's spa.

Bank claims £121,000 from Sun Life

BY RAYMOND HUGHES, LAW CORRESPONDENT

£121,000 was made in the High Court yesterday against Sun Life Assurance Company of Canada (UK).

The claim was made by The British Bank of the Middle East, which contended that the money was due under undertakings or guarantees given by Sun Life.

Contesting the claim, Sun Life said that the member of its staff who signed the undertakings had had no authority to do so, and that Sun Life did not have the legal power, under its memorandum and articles, to enter into such an arrangement.

Mr. Robert Gatehouse QC, for the bank, told Mr. Justice Milmo that in 1974 the bank provided bridging finance for a property development company buying and converting property in London for resale.

The bank's security included written undertakings by Sun Life to, in effect, replace the bank as mortgagee of the converted property when it was sold.

It had appeared to the bank to be a neat arrangement which would benefit everyone concerned, said Mr. Gatehouse.

Unhappily, the development company got into difficulties and was wound-up. The bank gave notice to Sun Life, only to be told that the undertakings had not been authorised.

Later Sun Life raised a second defence based on its memorandum and articles.

The bank claimed that the man who signed the undertakings had been held out to it as having the authority to do so.

The hearing, expected to last two weeks, continues today.

BBC man to head Welsh language TV

BY ROBIN REEVES, WELSH CORRESPONDENT

MR. OWEN EDWARDS, controller of BBC Wales for the past seven years, was yesterday appointed director of the new Welsh Fourth Channel television authority.

Mr. Edwards, 47 has taken on the task of developing a 22-hour Welsh language television service on the Fourth Channel in little more than 18 months.

He said yesterday he recognised he would have to move quickly, but it was an exciting opportunity which must not be allowed to fail for the sake of both Welsh speakers and non-Welsh speakers.

Given the success of the BBC's 60 hours a week Welsh language radio service, he was sure that a television service for Wales's 500,000 Welsh speakers would also succeed.

The programmes for the new service will be made by BBC Wales (10 hours a week) HTV (9-10 hours) and independent producers (2-3 hours). The task of the new authority will be to commission the output from HTV and the independents and, with the BBC's contribution, establish a unified service.

Mr. Edwards stressed there was no question of his dictating to the existing broadcasting organisations. He would mould and co-ordinate the efforts of the three programme sources and harness the goodwill which now undoubtedly existed.

He was in no doubt that the Welsh Fourth Channel, Sianel 4 Cymru as it has been officially titled, would need its own presentation suite to give the service an identity. It would also need a staff dealing with finance, programmes and scheduling and engineering, but bureaucracy would be kept to a minimum.

Mr. Edwards refused to be drawn on how large a budget he thought was required—this will be negotiated annually with the IBA—except to say it should be sufficient to attract Welsh viewers in competition with the output on three other channels.

The Welsh Authority will also be empowered to reschedule Fourth Channel programmes broadcast in the rest of the UK. As far as possible these will be fitted around the Welsh service which will go out mainly at peak viewing times, from 6.30 pm to 10.00 pm.

Mr. Edwards has an impeccable pedigree for what will be an important job in the development of Welsh language and culture. His father, Sir Ifan ab Owen Edwards, founded the highly successful Welsh League of Youth Movement. His equally distinguished grandfather was responsible for introducing Welsh language education into the schools' curriculum at the beginning of the century.

Mr. Owen Edwards started his television career with Granada in Manchester in 1959 and joined the BBC in 1961. He was educated at Leighton Park School and Lincoln College, Oxford.

The new Welsh authority has been born out of conflict, being the result of 10 years campaigning by Welsh language activities. This culminated in last year's threatened hunger strike by Mr. Gwynfor Evans, Plaid Cymru's president.

The threat was called off only after the Government agreed to revert to its original promise of a unified Welsh service rather than keeping the output of the existing two broadcasting organisations separate.

Tootal re-equips to stay ahead in world sales of sewing thread

Rhys David reports on a new cotton mill in N. Ireland

A NEW cotton spinning mill is a rare event in British textiles, and the middle of the worst recession the industry can remember hardly seems the most propitious time for such a venture.

But Tootal, the Manchester-based textile group, has just spent £5m re-equipping its Lisnaskea mill in Northern Ireland to stay competitive in one field of textiles—sewing thread—where Britain has a strong international position.

Tootal and its close rival, the Glasgow group Coats, Patton, have been the two leading world suppliers of the sewing thread used in the garment industry in industrial applications and in home dressmaking, since the turn of the century, covering the world market from the UK and overseas plants. Tootal itself sells thread in 100 countries and manufactures in 14 of these, including the U.S. where it owns one of the biggest producers of American thread.

Despite a strong international position and important brand names like Dewhurst's Sylko and Star, Tootal has lost competitiveness in its British operations in recent years. The yarns and threads made in its UK plants at Lisnaskea, Belper, Skipton and Renfrewshire have been affected in export markets by the rise in the value of sterling.

At the same time a number of U.S. producers, which previously operated mainly in the American market, have started to move into export markets, initially often to supply major customers such as the jeans companies, which have themselves expanded rapidly overseas.

In the Far East, which Tootal supplies from Britain and from its own manufacturing operations in Indonesia, Malaysia, Hong Kong and the Philippines, local groups have entered the market to take advantage of the rapid growth in the area's garment manufacturing operations.

The choice, as Mr. George Hilton, chairman of the Tootal thread subsidiary English Sewing Cotton, points out, was between phasing out UK production of yarn for thread—completing Tootal's virtual withdrawal from UK spinning—or spending money to make the British operations fully competitive by world standards.

The choice fell on re-equipment for a number of reasons. The attitude which a future British Government might take towards yarn imports cautioned against total reliance on supplies from overseas plants.

Most important of all, the integrated process of manufacturing yarns and converting them into thread is a specialist, higher added value business in which the UK should be able to compete, given appropriate investment and manning levels.

The product has to be made to exacting standards to withstand the forces in industrial sewing machines working at 6,000 stitches a minute.

The £5m investment—which follows a £1m upgrading of Belper four years ago—gives Tootal what is claimed to be one of the most modern and highly automated spinning plants in the world.

The plant is run on a three-shift basis and output has been increased from 30,000 kgs a week with a labour force of 300 to 50,000 kgs per week with a labour force of 225.

Two older spinning mills previously supplying the thread operation in Greater Manchester were closed last year.

The savings achieved will restore Tootal's competitiveness in export markets, which account for up to half of total output and which currently are holding up much more strongly than the domestic market.

The group also expects to be better placed to bid for very big contracts, sourcing these jointly from its most efficient plants around the world in the UK, the U.S., and the Philippines.

Tootal hopes to tap a major new source of low cost yarn in China for feeding into South East Asia. The company is waiting for the Chinese to complete a recently signed deal under which Tootal will provide the expertise and finance to set up yarn production facilities in China.

Tootal will process the yarn further in its own Asian thread plants and market it.

The group is also closely watching the growth of the garment industry in South America, a market in which it is not strongly represented.

In the UK the next phase of investment could involve some rationalisation of the various thread processing operations carried out at Belper—where the complex consists of three mills — in Yorkshire and in Scotland.

Efficiency points to a further reduction in the number of sites to reduce transport costs.

For the time being, however, Tootal hopes the investment made at Lisnaskea should ensure that its UK operations can stay competitive in a sector of the textile business that is going to continue to grow with the growth in world garment production.

UK NEWS

North Sea revenue from oil could be boosted by £1.22bn

BY RAY DAFTER, ENERGY EDITOR

TAX REVENUE from North Sea oil operations could be boosted by £1.22bn this year by the Supplementary Revenue Tax expected to be introduced in today's Budget, according to stock brokers Hoare Govett.

In a report on North Sea taxation the brokers estimate Government revenue under the existing tax system would be £4.63bn this calendar year. The proposed new tax should increase this to £5.85bn.

The increase in oil taxes could be even greater as the Chancellor is known to have considered changes in the Petroleum Revenue Tax.

As Hoare Govett says, the Government aims to raise £1bn extra in the fiscal year 1981-82. It is estimated that in the 1981-1982 period the new Supplementary Tax will raise £910m, leaving £100m to be raised from changes in PRT.

Such changes could take several forms but would effectively reduce allowances which could be offset against the tax.

"What is clear, however, is that the effects of any changes to the existing system will be of a long-term nature and are likely to increase eventual tax take from a (North Sea oil) field as opposed to the new tax which effectively just brings forward the payments," says Hoare Govett.

The brokers estimate that the proposed new tax — charged at 20 per cent on gross revenue before royalty payments and allowances — would raise only £480m extra in 1982 and £150m in 1983. This was because payment of the new tax would substantially reduce liability to PRT and Corporation Tax.

Hoare Govett estimates that the balance of payments benefits of North Sea oil and gas production will almost double in the next three years, from a net current account benefit of £7.4bn in 1980 to a net contribution of £14.1bn in 1983.

The expected new tax would increase the 1983 benefit slightly to £14.3bn. Assuming the Supplementary Tax proposals are implemented, the net current account benefit could be £9.1bn this year and £12.3bn in 1982.

The projections are made on the assumption that oil production will rise from 1.6m b/d in 1980 to 2.3m b/d in 1983 and that the oil price will rise from last year's level of $35 a barrel to $50.60 a barrel in 1983.

Tax concessions sought

BY ERIC SHORT

UNIT-LINKED life companies are seeking two major tax concessions for their life funds to offset the tax advantages enjoyed by unit trusts.

In a pre-Budget submission to Sir Geoffrey Howe, the Chancellor, the Linked Life Assurance Group seeks the abolition of Capital Gains Tax on securities held for more than one year and a rationalisation of Capital Gains Tax on life companies' holdings of unit trusts purchased before April 1980.

The 1980 Finance Act removed CGT liability from unit trust groups, placing the liability on the unitholder at the time of cash-in of units. The unitholder can use his CGT exemptions to mitigate the liability. This had an adverse impact in linked life companies in two areas.

It gave unit trust funds a distinct investment advantage over life funds investing internally, which are still subject to CGT. The linked life companies are asking for their CGT to be abolished after one year, as it already applies to gilt investment, because it is simpler than charging CGT on the gain adjusted for inflation.

Those life companies which invest in unit trusts had to substantially increase the reserves held against a CGT liability for units bought before the current financial year. The Life Offices Association tried, without success, to get concessions to remove this effect.

Wide industry support for Social Democrats possible

John Elliott finds significant funds awaiting the emergency party if it hits a sound economic note

POLITICAL REALIGNMENT

IF THE Social Democrats produced strong policies for industry and find a convincing leader, they would attract widespread support from the chairmen of major companies in industry and commerce and the financial institutions. Boards of of directors which have traditionally either supported the Conservative Party or kept aloof from politics might be prepared to vote funds to help them get started.

This reaction emerged in a series of interviews with company chairmen in the past few weeks.

Such is the fear of a Left-wing dominated Labour Government, coupled with the dislike of the polarisation of the two main political parties, that a considerable number of the chairmen are willing to consider supporting a credible Centre Party.

Frustration with the Government's current policies is another important factor. This could be either dispelled or sharply increased by today's Budget, depending on how much help industry receives. In addition, many industrialists have favourable recollections of Mrs. Shirley Williams as Prices Secretary and identify with her on many issues.

But perhaps most important of all is a widespread desire for electoral reform. Company chairmen want proportional representation not only to ward off Labour's Left-wing but also to reduce some of the uncertainty and commercial demotivation which is caused by industry being in the forefront of electoral battles.

"It does us no good to be constantly pulled between Keith Joseph and Tony Benn. We are tired of the big pendulum swings and if a middle-of-the-road party will help to stop that, then I'm for it," said the chairman of one major manufacturing company.

"If I cannot get electoral reform to stop this awful polarisation from the Conservatives or Labour, then I'll support a third party—at the moment the Social Democrats—if they can prove their case," said another.

"If I feel I can produce a credible argument for my board during the summer as to why they should provide financial support, then I will do so. But I must have facts with which to prepare the board's report," said a third who had to admit that he was not sure his board would agree with him.

These reactions pose the Social Democrats with an enormous challenge—and with a problem of identity and allegiance. The last thing they want is to be regarded as a "party of the bosses." Nor do they want to be inhibited by their financial supporters from negotiating political deals in the future with any other party.

Yet they urgently need the scale of funding which companies provide for the Conservative Party (more than £2m in 1979-80) to get their proposed streamlined organisation off the ground. They are considering employing the registrars' department of a bank or some other computer-based organisation to handle their membership lists and subscriptions, and introducing a direct voting system to make "one member, one vote" a computerised reality.

All this is expected to cost at least £1m a year to begin with. While the leaders insist that they want as much of their money as possible to come from individual subscriptions, they will need some large cheques soon if they are to build up a head office of high quality staff and establish a grass-roots organisation.

The finances are being looked after by three trustees. The chairman is Mr. Clive Lindley, a private businessman and former Labour candidate who has made his fortune out of various service industries including a motorway fast foods company called Road Chef and a North Sea oil supplies company.

Others are Sir Leslie Murphy, former chairman of the National Enterprise Board (who is also an expert fund-raiser for the Church Army) and Lord Diamond, the Labour Peer. They are joined in a finance group by Mr. David Sainsbury of the food retiling chain and Mr. David Astor, former editor of the Observer.

No major fund-raising has yet begun. But some £60,000 has already been donated by about 25,000 individuals as a result of pulicity during the last month, according to Mr. Ian Wrigglesworth, MP, who is secretary of the finance group. A major fund-raising exercise will start during the spring or early summer, after the party has been officially launched.

It will be aimed at as wide a spectrum of supporters as possible—including both companies and trade union branches.

But promises of backing are already emerging. With protagonists in the City including Sir Leslie (now a non-executive director of Schroeders) and Mr. Edmund Dell, the former Labour Cabinet Minister who is chairman of Guinness Peat, a surprising number of people highly placed in financial institutions are expressing interest and promising donations.

Similarly, the future of the Social Democrats and the support they should be given is a frequent topic of conversation at company boardroom lunches and other businessmen's gatherings. "I was even asked what I would do by a banker in New York at dinner the other night" said the chairman of one major company.

The issue has not yet reached the agendas of many company boardrooms but may well do so during the summer. Some of them already donate to the Conservatives (or allied organisations like British United Industrialists). Quite a lot subscribe to the National Committee for Electoral Reform.

This committee has industrial and other branches—its City of London arm will have Mr. Roy Jenkins as its guest soon and includes figures such as Sir Robert Clark of Hill Samuel and Mr. Robin Leigh Pemberton of National Westminster.

To begin with at least, some companies may be prepared to give the Social Democrats money while remaining subscribers to the Conservative Party (which receives support of up to £60,000 or more from individual companies like Allied Breweries).

Some overseas subsidiaries of UK companies have set themselves precedent by supporting all the political parties in Australia and both the Conservatives and Liberals in Canada.

At home, Marks and Spencer has already done this—it gave £5,000 to the Liberal Party in 1976-77 for much the same sort of middle-road reasons that might attract finance to the Social Democrats.

It also donates to the electoral reform committee, and gave £20,000 to the Conservative Party last year for election expenses (as well as £250 donations to two local Conservative branches) plus its annual £20,000 to British United Industrialists.

A few other companies have also given donations to the Liberal Party.

First the Social Democrats will have to spell out where they stand and produce a credible policy which company chairmen can present to their possibly harder-headed and less politically conscious board members. The presence of Mrs. Williams plus the possible serenity of the middle ground will not be enough, nor will bland assertions of support for the policies put forward in the CBI's "Will to Win" document last week.

They must also not look too socialist. "If it's just a slower form of creeping socialism then I'm not interested," said the chairman of one Conservative-supporting company strongly opposed to nationalisation. "But if its true Christian Democracy then I'm for them and my board might well back me."

Dry cleaners being used less often

BY JAMES McDONALD

DRY CLEANING services have lost custom during the recession, a national Gallup survey for the £100m a year industry has found.

While the number of people using professional dry cleaners has stayed roughly the same, the number of clothes being cleaned and the frequency of use have fallen.

The survey carried out for the Association of British Launderers and Cleaners which claims to represent more than 70 per cent of the industry, shows annual expenditure on dry cleaning in the UK is still less than £2 per head of population. This compares with £4.50 in France, £7 in West Germany and £8.30 in Japan.

Compared with a survey in 1979, the proportion of women claiming to have used a dry cleaner in the previous 12 months declined from 65 per cent to 60 per cent but the proportion for men increased from 71 per cent to 74 per cent.

"It is clear that the economic situation is adversely affecting industry in terms of usage," said Mr. P. B. S. Johnson, president of the association.

"But what is heartening is that just as many people — over 60 per cent — still use their dry cleaner. Generally though, they are taking in fewer garments for the moment."

A regional analysis showed that, betwen the surveys, people in Lancashire and the South of England — excluding London — increased their use of dry cleaners by 9 per cent and 5 per cent respectively to 67 per cent in each area.

But usage in London fell from 70 to 66 per cent, the Midlands dropped 5 points to 54 per cent and the South West 20 points to 46 per cent.

National Trust gains duck decoy lake

BY MAURICE SAMUELSON

AN eighteenth century artificial lake for decoying ducks and a weekend home of Virginia and Leonard Woolf are among new acquisitions of the National Trust listed in its council's 1980 annual report published at the weekend.

The duck decoy is at Boarstall, Buckinghamshire, and consists of a 2½-acre pond surrounded by 13 acres of woodland. It is thought to have been constructed between 1700 and 1750 and is one of the few working decoys left in the country.

The trust has also acquired Monk's House in Rodmell, East Sussex, for 21 years the weekend home of the Woolfs. It contains furniture and pictures painted by leading members of the Bloomsbury group.

Another notable acquisition is Baddesley Clinton, Warwickshire, a medieval moated manor house owned by the Ferrers family since 1509.

Under its "Enterprise Neptune," the trust has completed the take-over of another 11 miles of coastline in 12 counties, including the purchase of 168 acres of land with more than a mile of unspoilt coastline overlooking Talland Bay, south Cornwall.

The report says this enables the trust "to establish a strong bastion against development spreading westwards from the busy port of Looe."

In North Wales the trust gained another 12½ acres of land next to its first site, on the cliffs at Barmouth, acquired 85 years ago.

Nevertheless, the trust says it is worried by the effects of the recession which caused it to keep expenditure to a minimum and to postpone much desirable work.

PARLIAMENT and POLITICS

Presentation of policy 'must be improved'

By Margaret Van Hattem,

THE GOVERNMENT must concentrate on explaining its economic policies, particularly to management and unions, if it is to win their co-operation, Mr. James Prior, Employment Secretary, said yesterday.

Speaking to the Conservative Policy Centre on the eve of what is widely expected to be a tough Budget, and on the day civil servants throughout Britain held a one-day strike to launch a protest campaign against the Government's 7 per cent pay offer, he made a thinly veiled plea to the Government to improve its presentation of policy.

"There is a vital need for the Government to get its message across, both on what we are doing now to help people and also on the prospects for this country in the years ahead," he said.

"I believe, if we do that and do it well, we shall make an enormous contribution in developing the right approach throughout industry. For what will really matter is how we all respond to the economic recovery. In the months ahead, we have the chance to help foster the right response, from management and unions, and from all concerned. It is an opportunity we are determined not to see let slip."

Mr. Prior, who is often identified among the "wet" Cabinet Ministers critical of the Government's hard-line monetarist theories, acknowledged that the Government was facing severe criticism for Britain's poor economic performance and had to accept some of the blame. But he defended the basic strategy.

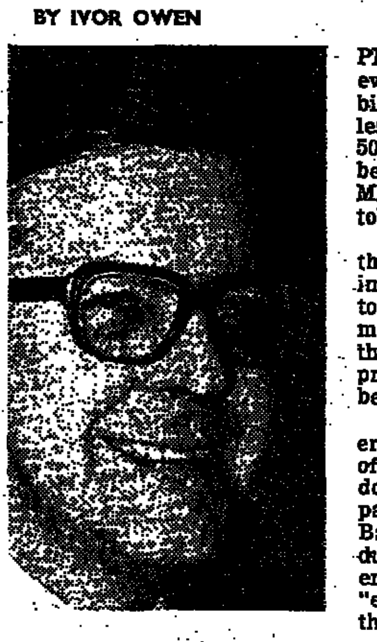
"We also understand that people have to be convinced now, and in the months ahead, that our approach is clearly the right one and that it will bring results in the form of new jobs and greater prosperity," he said.

Referring obliquely to widespread criticism of the Government's recent assistance to British Leyland and the British Steel Corporation—both from those wh felt it to be inadequate and from those who considered it excessive—he said the Government was determined not to risk impairing the economy's ability to expand in the future.

"The vital point here is that unless inflation is brought under control, there can be no lasting recovery in the economy," he said. "Inflation is now moving firmly downwards, and, as it does so, scope for new investment increases.

Cable and Wireless share sale 'will net £100m plus'

BY IVOR OWEN



Baker: Private capital would enable the company to "escape from the dead hand of the Treasury."

PRIVATE INVESTORS may eventually be able to hold a bigger stake in Cable and Wireless than the "just less than 50 per cent" which will initially be on offer, Mr. Kenneth Baker, Minister of State for Industry, told the Commons last night.

He described the shares in the company as an attractive investment and while refusing to speculate about their likely market value or the timing of the sale, forecast that the net proceeds to the Government will be in excess of £100m.

Labour MPs accused the Government of seeking to dispose of a valuable public asset for doctrinaire reasons and were particularly incensed by Mr. Baker's comment that the introduction of private capital would enable Cable and Wireless to "escape from the dead hand of the Treasury."

Mr. Ray Whitney (Con., Wycombe) urged the Government to sell off a bigger stake in the company so as to encourage further progress in the "privatisation" of nationalised industries.

Mr. Baker agreed that the decision to limit the sale to just under 50 per cent of the shares —the so called BP solution—had involved a "fine judgment."

He stressed: "This does not preclude in future years a sale of further shares."

Mr. Baker, who confirmed that the sale of shares must await the passage into law of the British Telecommunications Bill, underlined the fact that all the 30 or so countries in which Cable and Wireless operate telecommunications services under a Government concession had been consulted.

"No objections have been raised to the Government's proposals," he said.

The company and the Government were agreed that when the sale took place special arrangements should be made for employees to acquire shares.

Mr. Baker emphasised that with part ownership based on the BP formula the Government would retain a major shareholding and the capacity to safeguard overseas Governments' interests as necessary.

The Minister assured MPs that the chairman of the court of directors of Cable and Wireless were in agreement with the Government's proposal.

"The proposed sale of shares will create a partnership between the public and private sectors. This new arrangement will provide the commercial flexibility and access to the financial markets necessary to exploit the growth and opportunities in the rapidly expanding telecommunications sector.

Mr. Leslie Huckfield, a Labour industry spokesman, condemned the disposal of shares in Cable and Wireless as a doctrinaire action by a Government which had totally lost its way

He claimed that the company's existing structure had been designed to take account of views expressed by Commonwealth Governments about matters which were too sensitive for purely commercial exploitation.

Mr. Huckfield claimed that more than 70 Governments were involved in the operations of Cable and Wireless and accused the Government of failing to give any assurance that the shares to be disposed of would not be finally owned or controlled by foreign purchasers.

The Government, he protested, was prepared to "give away" a prize sector of the British economy, with very good growth prospects in technology, for purely short-term and doctrinaire resons.

Mr. Baker explained that all the Governments who had granted Cable and Wireless a concession had been consulted.

In an apparent reference to the Labour Party's commitment to renationalise any public assets sold off by the present Government Mr. Huckfield warned: "Every potential purchaser should be aware of the commitments and policy of the Labour Party."

Huckfield: The Government was prepared to "give away" a prize sector of the British economy.

Jenkins hedges bets on by-elections

By Elinor Goodman, Lobby Correspondent

MR. ROY JENKINS last night set his sights on the Social Democrats forming a Government after the next election.

The new party, he said, would be formally launched "well before Easter" and its aim would be "no less than a complete victory" in the next election, "a majority in the House of Commons and a Social Democratic-Liberal Government."

But despite his confidence, Mr. Jenkins did his best to stop the Social Democrats getting boxed into fighting the first by-election that comes up.

The party would, he said, be prepared to fight by-elections but he stressed that "like any sensible force we shall choose our ground and not allow it to be dictated to us by others."

The new party's sights, he said, would be "essentially concentrated upon the next general election." At that election, he stressed, an alliance with the Liberals would be essential. A "close and friendly arrangement" with the Liberals would be in "our mutual desire and is certainly our mutual interest."

When the 12 Social Democratic MPs at Westminster announced last week that they were finally resigning the Labour whip, Dr. David Owen, who will be their leader in Parliament, spelled out his belief that the Social Democrats could be elected to form a Government in 1984. But this is the first time that Mr. Jenkins, who is in charge of co-ordinating the new party's policies, has gone this far.

Speaking in Oxford last night, he claimed that something approaching a "geological movement" in British politics was occurring. Politics were now in a greater state of flux than at any time for the last 60 years.

The Social Democrats, he said, intended using this period of flux to the full. Well before Easter they would have turned the Council for Social Democracy into a new political party. They would then be looking for a mass membership, and the formation of local groups.

Mr. Jenkins claimed that the Social Democrats had already struck a "great chord of response." Given this and the "deep disenchantment with both major parties," it was perfectly feasible to talk about the Social Democrats forming a Government with the Liberals in 1984, he maintained.

Pragmatic approach applauded

By Elinor Goodman,

THE GOVERNMENT was yesterday congratulated by the Left-wing Conservative pressure group, the Tory Reform Group, for adopting a more "pragmatic" approach to politics. But the group criticised the Government for the way it had handled this change of emphasis.

In an editorial in its journal, The Reformer, the group lamented the fact that the Government had gone about things in "such a negative and confused fashion."

It warned that there was a grave danger of a credibility gap opening up if the Government did not effectively communicate its policies and thinking to its own supporters as well as to the public at large.

The Government, it said, were giving "little help to those canvassing on their behalf in the impending local elections."

Ministers, it claimed, "owed it to their supporters to explain their reasons for changes."

The group has recently added Mr. Francis Pym, the Leader of the House, to its list of "patrons."

In the Reformer, it supports his recent speech on the need to adapt policies to circumstances

Joseph encourages hopes of a cut in MLR

BY IVOR OWEN

EXPECTATIONS THAT today's Budget will include a reduction in Minimum Lending Rate and the introduction of a loan-guarantees scheme for small businesses were given further impetus in the Commons yesterday.

Sir Keith Joseph, Industry Secretary, encouraged hopes of a reduction in MLR when he emphasised the importance such a step would (he seemed on the point of saying "will") have in helping industry, large and small.

There were shouts of "You mean tomorrow" when, asked about the loans-guarantees scheme, he said the Government hoped to announce a decision "shortly."

Mr. Stan Orme, Labour's Industry spokesman, quoted the recent report issued by the TUC and CBI in urging the Government to recognise the need to take more effective action to reverse the slump in production.

Mr. John MacGregor, Under Secretary for Industry, warned against expecting too much from the Budget.

He stressed that some of the reports issued in recent weeks had called for higher public expenditure and a much larger Public Sector Borrowing Requirement.

Mr. MacGregor insisted that neither would be in the interests of manufacturing industry because they would add significantly to the level of inflation at a time when inflation levels were coming down.

During exchanges about other measures to aid industry, Mr. Kenneth Baker, Minister of State for Industry, emphasised that the private as well as the public sector could make a valuable contribution through a "buy British" policy.

"Both sectors can do much to stimulate the competitiveness of their suppliers so that British goods are well designed,"

Mr. Baker advocated closer cooperation between purchaser and supplier with the aim of meeting a wider market through a switch of emphasis to "ready to wear" rather than "tailor-made" products.

He instanced the success obtained by Marks and Spencer in pursuing a purchasing policy based on a close relationship between supplier and customer.

Mr. John Garrett, an Opposition spokesman on Treasury affairs, pressed the Government to place a development project with ICL before the British computer industry, like so many others, was decimated by competition from Japan and the U.S.

Mr. Baker said he had taken note of Mr. Garrett's suggestion.

Questioned about the problems of private steel producers, Sir Keith said he was hopeful of more partnership arrangements with the British Steel Corporation involving the creation of new public-private companies.

● Mr. Denzil Davies, (Lab., Llanelli) is to see the Prime Minister on Thursday about the possibility of a reprieve for the Duport steelworks in his constituency which is due to close at the end of the week with the loss of some 1,200 jobs.

Emergency debate call fails

Financial Times Reporter

MR. JAMES KILFEDDER, (Ulster Unionist, Down North), yesterday failed in an attempt to get an emergency Commons debate on the running Anglo-Irish talks.

Mr. Kilfedder made his appeal in the light of Irish press reports that the Anglo-Eire study group was discussing the option of a federal Ireland.

The paper had rebutted the Prime Minister's claims that the controversial talks with Mr. Charles Haughey, Irish Premier, earlier this year did not represent a constitutional breakthrough.

"It must be pointed out that the Irish press is the mouthpiece of the Government party Fianna Fail. It often has access to Government information not available to other sources."

Mr. Kilfedder added: "There is grave disquiet being felt by reasonable and responsible people — people are not guilty of hysteria in any way."

A debate was needed to urge the Government to disclose the ambit of the talks and their nature, he said.

Mr. Kilfedder said his appeal followed a number of unsuccessful attempts to persuade the Prime Minister to disclose the substance of her talks with Mr. Haughey.

Trading practices of five companies to be queried

THE TRADING practices of five steel wire manufacturers are under investigation by the Office of Fair Trading.

The OFT has served formal notices on the five companies under Section 36 of the 1976 Restrictive Trade Practices Act asking whether an unregistered restrictive trade agreement exists between the five companies.

The companies have been given 28 days in which to reply to the OFT.

Under the 1976 legislation it is unlawful for companies to operate a restrictive trade agreement unless it has first been placed on the register of restrictive practices by the OFT. If an agreement is registered, it can be implemented until the Restrictive Practices Court rules otherwise. Because of a backlog of cases, such an agreement could take two to three years before it is tested in court.

Shore and Healey under fire from Labour Left

LEFT-WINGERS in the Labour Party last night hit out at two leading members of the Shadow Cabinet for their attacks on the party's National Executive Committee. At a meeting of the Tribune group, Mr. Peter Shore and Mr. Denis Healey were accused of spending more time attacking the executive than in fighting the Government.

The criticism follows Mr. Shore's impasisoned attack on the executive last week and is indicative of the internal ructions which may be created by the attempts of the new Labour Solidarity campaign to combat extremism within the party.

Left-wingers say that Mr. Shore and Mr. Healey, along with Mr. Roy Hattersley, are underminining party unity with their attacks on the executive.

These attacks come at a time when the party should be closing ranks behind Mr. Michael Foot's leadership, they add.

Doubt over print workers' pay rise

BY JOHN LLOYD, LABOUR CORRESPONDENT

THE FUTURE of talkse on an 8 per cent pay increase for Fleet Street print workers is now in some doubt.

The Mirror Group, which bargains separately from the other national newspapers, has offered one group of printers—the machine minders, members of the National Society of Operative Printers, Graphical and Media Personnel—a 10 per cent increase from April.

At the same time, News International (The Sun and News of the World) has told its printers that it wil match the Mirror's increase if talks with the Newspaper Publishers' Association break down. However, News International has also told the NPA that it stands by the association's 8 per cent offer.

The NPA is adamant that the pay talks—which still include the Daily and Sunday Telegraph, the Daily Mail, The Observer and the Financial Times—wil continue once the unions have consulted their members on the offer.

However, NATSOPA officials say that the moves at the Mirror Group and News International mean that the 8 per cent offer must be raised if it has any chance of acceptance.

The main craft union, the National Graphical Association, is attempting to get the NPA to increase printers' holidays by one week, in order to help "mop up" the growing unemployment in Fleet Street.

Neither the other print unions, nor the NPA, have so far indicated a willingness to pursue this line.

Of the other national newspapers, the Express Group and Times Newspapers had earlier withdrawn from the NPA talks because of separate deals with their print workers which involved pay freezes.

The Guardian withdrew from the talks last week after the offer was increased beyond 6 per cent—the level beyond which it had said it could not go.

Officials of the NPA and the print unions were in touch yesterday to attempt to ensure that negotiations could continue.

Civil Service action hits across the country

GOVERNMENT OPERATIONS, air traffic, court and other work was seriously disrupted yesterday by the civil servants' one-day strike. Support appeared to be greater in the north of England, and significantly lower in London.

The main affects in big Government departments and aeras were, accordin gto surveys by the Civil Service Department an dindividual departments:

Defence. Government officials said 40 per cent of the 112,000 Ministr yof Defence staff were on strike. In certain installations, though, support for the

By PHILIP BASSETT and NICK GARNETT

strike was as high as 97 per cent, with severe disruption to work.

Five of the 13 Royal Ordnance fatcories were halted altogether and their industrial workforces sent home. At the Clyde Polaris submarine bases, support for the strike was abou t85 per cent, officials said, and industrial staff were also sent home there.

In the Royal Navy dockyards, support for the strike was 95 per cent of sta ffstyaing away and industrial sta ffsent home.

Among central staff in London, the Government said only 16 per ent jointed the strike. Britain's contribution to the NATO's Wintex exercise was also affected yesterday by striking communications staff.

Air. As expected, no services flew in and out of the 20 airports for which the Civil Aviation Authority provides air traffic control cover. This included Heathrow, Gatwick, Stanstead, the four main Scottish airports and Cardiff and Manchester.

Some services operated from municipally owned airports including Luton, Bournemouth, Southend and Southampton.

Department of Health and Social Security: 62,798 went on strike, or 64 per cent. About 500 of the 536 local DHSS offices, dealing with supplementary benefits and other inquiries, were closed to the public. At DHSS London HQ, 40 per cent were on strike.

Department of Employment: 27,623 on strike in the employment group at the department, or 55 per cent. About two-thirds of local unemployment benefit offices were closed, with support for the strike stronger in Scotland, Wales and the North.

Inland Revenue: 64,779 on strike, or 85 per cent. Preparations for to-day's Budget, though, have largely been completed and so were not affected. PAYE computers at Shipley and Cumbernauld were stopped.

Customs and Excise: 16,410 on strike, or 80 per cent. Some Customs offices in London and other areas closed but most had some staff. Some Customs presence was maintained at airports, though a number had only honesty boxes. The VAT computer centre at Southend was completely closed.

Home Office: Government officials said just over 2,500 staff, or 27-30 per cent of the total Home Office complement was on strike.

Management staff had to take over work from strikers to keep the police national computer centre at Hendon, north London operational.

Department officials said about half the port immigration officers were on strike at any one time but it believed all ports had some immigration cover.

Environment and Transport: The Government said half the Civil Servants working for these departments were on strike.

In some sections, though, the response to the strike was much higher. At the Swansea vehicle licensing centre and the Newcastle regional centre, for example, support was 85-95 per cent.

Tourism. The Environment Department said many tourist attractions were closed, including the Tower of London and Hampton Court Palace, Kensington Palace, Stonehenge and Dover Castle. About a tenth of staff at the head office of the English Tourist Board did not turn up for work.

English and Welsh courts. The Lord Chancellor's Office said about one third of staff were on strike but this masked much greater support for the strike in some areas.

In the Wales and Chester court circuits, two thirds of staff were out, and in the north-east about half.

Scottish Office. Of the Scottish court administrators, 640, or 73 per cent, were on strike. Of the office's total staff of about 8,000, 5,750 or 58 per cent were on strike, according to Government officials.

Welsh Office. Just over 40 per cent did not turn up for work yesterday.

Treasury. The department said 95 per cent of its staff worked yesterday.

Some of the work of the **Advisory, Conciliation and Arbitration Service** was affected.

The **Manpower Services Commission** said slightly more than half of Job Centres were closed. Skillcentres were not offering training yesterday.

The **Department of National Savings** said 77 per cent (2,590) of its staff were not working, 55 per cent at the Land Registry (3,100) and 30 per cent (2,150) at the Department of Trade. The Property Services Agency said 49 per cent (8,000) stayed away from work.

Energy. The department said 40 per cent of its 1,200 staff were out. A delegation of non-strikers told Mr. David Howell, Energy Secretary, that the fact that staff were working did not mean they were happy with the pay offer.

Industry. The Industry Department said 40 per cent of its staff were not working.

Prime Minister's Office. Officials said staff who were scheduled to be working in the office yesterday were doing so.

Ministry of Agriculture: 5,365 on strike, or 42 per cent.

Civil Service Department: 942 on strike, or 27 per cent.

Hugh Routledge

Watched by police, Civil Servants form a picket line outside the entrance to Downing Street during their one-day protest over pay proposals. The Soviet Ambassador was among the Prime Minister's visitors who crossed the line.

Whitehall and Downing Street were among picketing targets as Philip Bassett reports...

WHITEHALL, THE citadel of Government in London, saw a considerable number of its civil servants take to the streets yesterday, despite the pouring rain, in a display of damp but determined picketing.

Union leaders, conscious that television cameras and newspaper reporters would be watching, had instructed staff that every Government department in and around Whitehall should be picketed.

One of the most striking results was to show the surprisingly large number of official estabilshments in the Westminster area. Large departments in Whitehall were obvious targets, but almost every side street had two or three pickets outside otherwise obscure doorways.

The pickets in the main stuck closely to the guidance of picketing issued centrally by the Council of Civil Service Unions. The guidance stresses that there is a legal right to picket places of work.

In particular, most pickets were careful to observe the recommendation in the code of plactice on picketing issued with the 1980 Employment Act, that their number at a workplace entrance should not exceed six.

Police were keen to ensure that pickets did not exceed this number, even though, as the unions' guidance correctly states, the code is itself not legally enforceable.

When number did exceed six, often due to the addition of journalists conducting interviews or union officials touring the picket lines to help maintain morale, police officers were quickly on the spot, reminding pickets of earlier agreements that numbers must be limited to six.

Some pickets were more wily, however, taking advantage of the number of ornamental arches at the service gateways to some departments to shield pickets when their numbers exceeded six and police approached.

Police were polite but firm. They clearly took the picketing more seriously than the rash of traditional Whitehall jokes from Press and public about the "brolly brigade."

The pickets were largely unsuccessful in dissuading staff who had resolved to work not to cross their lines. Whitehall staff are not traditionally prone to strike.

The Westminster strike control centre of the Council of Civil Service Unions estimated that perhaps not more than 50 per cent of Whitehall based civil servants came out yesterday.

A fair proportion of staff going into Whitehall departments indicated their sympathy with the strike, but made it clear that their own position——often when their work involved them closely with Ministers—rendered it impossible for them to take action. Some pickets came in for abuse—not unnaturally for a less than universally popular group of workers.

Treasury pickets were told by some staff crossing their lines that they were lucky to have a job. Pickets ouside New Scotland Yard, which employs civil servants as well as police, got into an argument with a dustman from a passing dustcart, who told them in colourful terms that be had only got 7½ per cent and they were worth no more.

Outside the Ministry of Defence, pickets faced charges of their being "traitors" and "unpatriotic," mainly from service personnel entering the building. Some of them pointedly shook their dripping umbrellas uncomfortably close to the pickets.

Mr. Viktor Popov, the Russian ambassador in London, disappointed union leaders by crossing a picket line, and the Prime Minister's son, Mr. Mark Thatcher, swept through the Downing Street picket line to disappear inside No. 10.

Many Ministers crossed the line outside the Cabinet Office to enter the building, although Mr. Patrick Jenkin, Health and Social Services Secretary, stopped to argue

Royal Mail vans were turned away at many departments, as were Post Office engineering workers. Pickets outside the Foreign Office were jubilant when a large lorry loaded with cases of lavatory paper turned back from the picket line.

Placards calling for fair pay told the unions' story.

Referring to the last strikes in the service under Mr. James Callaghan's Labour administration two years ago, the placard was changed from reading "Pay 1979: Come off it, Jim Callaghan!" to "Pay 1981: Come off it, Jim Prior!"

Perkins Engines staff claim 25% increase

By Our Labour Staff

ENGINEERING union representatives of 6,000 hourly-paid workers at the Perkins Engines company in Peterborough have lodged a pay claim which, it is estimated, would raise average earnings by about 25 per cent.

The claim, in advance of the annual settlement date at the end of this month, calls for a £25 pay increase across the board, consolidation of productivity and attendance bonuses and an end to the company's clocking-in system.

It also seeks final implementation of a 1979 agreement to introduce parity with pay rates at the Coventry works of Massey Ferguson, the parent company.

The company yesterday was preparing its response. It has been operating a four-day week and ran into losses last year after making redundancy payments.

MPs urged to probe Linwood closure threat

By Our Scottish Correspondent

THE SCOTTISH TUC has called for a House of Commons inquiry into the Government's handling of Talbot UK's proposed closure of the Linwood car plant near Glasgow.

Mr. Jimmy Milne, general secretary, has written Mr. Bob Hughes MP, chairman of the select committee on Scottish affairs seeking a one-day special investigation.

The STUC and the Labour Party in Scotland have been highly critical of the way the Government appeared to accept the decision by Talbot's parent company Peugeot SA to close the plant without raising any objection.

They also claim the company was in breach of the obligations it made to the last Labour government at the time it bought what is now Talbot from Chrysler three years ago.

The Select Committee has powers to summon Ministers to give evidence.

JOBS COLUMN

Public pecking order unshaken

BY MICHAEL DIXON

WHATEVER CHANGES are proposed in the UK Budget announcement later today, they are unlikely to be presented as a departure from a basic point of Government strategy. This is evidently to shake out skilled manpower from activities with little or no expected economic growth, so that the skills may be taken up and used where their economic contribution will be greater.

Since the pay available in different activities influences their relative ability to attract skilled employees, the same strategy seems consistent with another Government decision. This is to cease paying its direct employees in the Civil Service at levels notionally comparable with those prevailing in the private sector, and instead to offer civil servants a salary increase this year of about 7 per cent. In response, the Civil Service unions yesterday began disruptive action in pursuit of a pay increase of about 15 per cent.

As it happens, this column has just been given a rare opportunity to consider both the Government's strategy and the Civil Service unions' claim in the light of pay among 4,486 similarly qualified people working in different activities in both the private and the public sector.

These are the highest graded members of the Royal Society of Chemistry, which surveyed their salaries during January. The accompanying table, compiled from the survey figures some of which have not yet been published, indicates the salary levels of these most highly qualified professional chemists according to the fields in which they were employed. Just in case any reader is statistically uninitiated: if the chemists in each field were ranked with the best-paid at the top, the lower quartile would be the salary of the person three-quarters of the way down the raking, the median that of the person half way down, and the upper quartile the salary of the one a quarter of the way down.

Movements in the salaries of professional chemists need not, of course, be a reliable indicator of such movements among other skilled staff. Since no comparably detailed figures are available for other groups, however, those for chemists are the best evidence to hand of the effects of the Government's strategy on the pay of people highly trained in a science of direct importance to industrial success.

Where the effect on the private sector is concerned, the table's statistics are a less vivid indicator than the 53 per cent increase between October and January in net registered unemployment among chemists, physicists and other natural scientists, coupled with recent reports from chemicals companies that further redundancies are inevitable.

SALARY INDICATORS—HIGHEST PROFESSIONALLY QUALIFIED GROUP OF CHEMISTS, JANUARY 1981

Field of employment	Lower quartile £	Median £	Median % rise 1980-81	Upper quartile £
Oil industry and allied	11,160	14,650	(19)	18,800
Central or local government, administration	11,220	14,210	(25)	17,500
Universities	11,500	13,970	(30)	15,740
Glass, ceramics, refractories and allied	9,920	12,210	(22)	14,470
Nuclear fuel industry	10,630	12,090	(22)	15,390
Detergents, soaps and allied	8,060	12,090	(21)	14,280
Polytechnics	11,290	12,050	(31)	13,700
Miscellaneous chemical and allied	9,100	11,890	(19)	15,700
Research institutes, public and private	8,660	11,490	(19)	13,420
Food and beverage industries	9,330	11,400	(12)	14,870
Technical colleges	9,700	11,300	(37)	13,240
Pharmaceutical and allied	8,730	11,030	(22)	13,540
Plastics, polymers and allied	8,670	10,820	(13)	13,410
Cosmetics, toiletries and allied	9,200	10,250	(12)	14,140
Water supply, sewerage and allied	8,000	9,850	(13)	11,780
Central or local government, laboratories	8,010	9,430	(12)	11,920
Schoolteaching	7,890	9,310	(30)	10,690
All in private sector	7,800	9,890	(18)	13,060
All in public sector	8,150	10,500	(26)	13,280

Better paid

But the salary figures above surely do not conflict with this more vivid evidence that the Government's overall management of the economy has reduced established private-sector industries' relative demand for such highly qualified manpower. The noticeable, if not notorious, success of the "shaking-out" aspect is unfortunately not matched even by corroborative evidence that the skills so released are being taken up more productively by innovative activity elsewhere. But the Government seems to deserve five out of 10 for the impact of its strategy on the established private sector.

The same inference cannot be drawn from the table about the strategy's impact on the public sector. Here there has been no sign of any comparable shake-out. And despite the oil industry's leadership of the salary ranking, the evidence is that the public sector's professional chemists have over the past year come to be generally better paid than their private-sector counterparts.

Moreover the survey found no appreciable difference between the two sectors in money received by way of bonuses or other secondary income. So, since company cars can hardly be assumed to be more valuable than higher job-security or index-linked pensions, the old claim that perks are better in business concerns remains unsubstantiated.

What is more disturbing is the pecking order of public-sector salaries as shown by the table. This questions the economic wisdom not only of the Civil Service unions' 15 per cent claim, but also of the Government's 7 per cent offer, in the sense that both appear to propose all-round increases to established pay scales.

If the aim of the strategy is to encourage trained chemists and others to apply their skills to the greatest productive effect, then the public-sector pecking order seems to be counter-productive.

For instance, Ministers have for years been lamenting that the schools lack sufficient specialist teachers of chemistry, physics and so on. The shortages prevent schools from providing an adequate number of youngsters with the basic understanding of science which is a precondition of their being further trained in colleges, polytechnics and universities. Thus unless more trained scientists are attracted to teach in schools, the UK cannot produce enough skilled people to staff the high-technology industries on which the economic future is said to depend.

Yet of the chemists in the public sector, the best paid are those in *administrative* work. Universities pay second best, polytechnics third, technical colleges fourth, and laboratory work fifth. The salaries of chemists in schoolteaching are the lowest of all the 17 categories shown in the table.

The chance of taking corrective action by offering higher pay to schoolteachers whose subjects are in short supply has just been postponed for at least another year. A 7½ per cent all-round award has now been agreed for schoolteachers regardless of their subject, and since the survey figures were collected university teachers have effectively been awarded 10 per cent. Another all-round award of some similar percentage to civil servants in general will surely work only to the same counter-productive effect.

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MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

A career in bespoke modelling

Stella Shamoon talks to the chairman of Bassett-Lowke who is 'commercialising a cottage industry'

Profile

BASSETT-LOWKE is a magical name, conjuring up for many men the image of splendid model steam locomotives. But the chairman of the Northampton-based company preferred teddy bears as a child and has no such nostalgic associations.

Instead 42-year-old Ann Ritchie, who bought up Bassett-Lowke when the business was running out of steam some 10 years ago, is determined to realise its potential in fine scale precision engineering of all sorts. Under her dynamic management the company is flourishing at making industrial display, leisure and training models to order.

An attractive woman—bearing a striking resemblance to Julie Andrews—Ann Ritchie says business is booming, despite the recession. Half her business comes from industrial clients, almost a third from museums, and the remainder from private collectors, including wealthy individuals able to afford a precise and exquisite model of a planned residence or yacht.

One highly complex model, recently completed for GEC Turbine Generators of Rugby, was the pipework model for a power station being built in Hong Kong. Another is of a satellite for British Aerospace.

Bassett-Lowke has ceased to sell model railways via the retail trade, but there is an active market in old models where prices vary from hundreds to thousands of pounds. Made to order, a 3½ gauge live steam coal-fired locomotive would cost £6,000 or so.

"Model-making is almost a cottage industry, where enthusiasts making models in garages are a competitive force. With no overheads, and materials costing a fraction of selling price, clearly these enterprises can undercut us" says Ritchie. "But such model-makers come and go. We have survived and will go from strength to strength, because we run this company on a purely commercial basis — not as a hobby and because we have engineers here who command respect." The GEC order is an example of the demands on the engineering skills of her 12-strong workforce.

"GEC came to us because its engineers knew they would be speaking to us as engineers. In fact they have told us that the model, which was certainly not cheap, proved highly cost effective in saving them hundreds of thousands of pounds in the amendments they were able to make to the final plan of construction."

Concentration on industry, where models are not only used as design and development tools, but increasingly for training purposes too, has given Bassett-Lowke an edge over its rivals. Ritchie aims to stay well ahead. "We cannot rely on the passive approach in marketing ourselves. I can't, on the other hand, employ door-to-door salesmen to peddle our very exclusive one-off products. We are very much a 'bespoke' business."

She has accordingly gone for a direct and personal approach: chairman to chairman often works best, but she expects to be redirected in large organisations to the relevant director.

She is in charge of marketing, general management and financial control. Her co-directors are her husband, Ruben Ritchie, an engineer and partner of his own management consultancy, and, at the sharp end, Michael Fielding, an engineer, who handles initial inquiries at the works.

So far the business has been self-financing and without borrowings. This is partly thanks to the company's ability to demand payment arrangements which must be the envy of many of its clients in their own businesses. Its usual terms are a 30 per cent down-payment, and a further 30 per cent in progress payments if the timetable is lengthy, with the remainder on completion. Many of the models cost several thousands of pounds to produce, which reflects the number of hours and men needed to fulfil the order. Group turnover fluctuates wildly but is currently running at over £300,000 a year, and the profit margins are "healthy."

Including two contracts for sophisticated railway systems to be used for training in Egypt and Malaya, sales last year were almost entirely for export. So far this year, only 20 per cent of sales are going abroad. But anther railway system, again for training purposes, complete with life-size controls, is in the offing, and the contract is worth some £500,000.

"I could increase capacity by taking on more people," says Ritchie. "But it is a difficult task finding craftsmen who can maintain the quality for which we are reputed. That excellence brings us clients and must never be compromised."

The company, formed in 1899, launched its shipping side in 1920, and made models of all the great ships—many 20 ft long—The Queen Mary, The Queen Elizabeth, The Windsor Castle, The Titanic and The Great Britain. While leading ship companies and museums jealously guard those models on display, the making of ship models continues to be a principal activity.

The company's biggest asset lies in its senior engineers and craftsmen, some of whom have been in the job for more than 30 years. They are ensuring the maintenance of quality while training younger successors.

With a BSc in estate management, Ritchie worked in property before discovering and cultivating her marketing talents as assistant director of a small charity.

When she was asked by the former owners of Bassett-Lowke to undertake a European sales drive for the company — she knew them personally, and is fluent in French and German — she accomplished the task with great success. She recounts the rest simply: "By that time I had had my children and was looking for work. I need it, and thrive on it. I got more and more involved, became sales director and when the former owners moved on, I was able to step in and buy the business outright."

Hugh Routledge

Ann Ritchie: "Our excellence must never be compromised"

Ritchie, a local magistrate, has two teenage sons at boarding school and a grown-up stepdaughter.

As befits a woman with such high powered clients in strategic industries, she refuses to be drawn on whatever question she considers "totally irrelevant"—in particular the price she paid and what the business is worth today. Suffice it to say it was loss-making when she bought it, and that now, after a struggle "I am happy to say it has greatly appreciated." The 1978 accounts show turnover at £114,000 and a loss of £11,500, while in 1979 sales were £219,000 and profit, before tax, £22,000. The 1980 results are not yet available, but will show an improvement.

Ritchie played only a passive role in the management of Bassett-Lowke immediately after her takeover. She had acquired in the same deal Electrocrome, an asociate company in zinc dye casting and electroplating, and initially devoted her energies to that totally separate enterprise, which is based in South Wales.

Electrocrome is now managed by her husband — and she admits that talk at home is "shop." She believes that to attain her level of involvement in a career, a woman must either be single, or have an understanding husband.

The American way of retirement

Louis Kleber reports on the growth of counselling as a response to an ageing population

EXTENDED longevity coupled with a falling birth rate amounts to an ageing population. This is a simple observation of great significance for the U.S. and many other advanced countries.

More people are entering retirement with relatively fewer active workers around to support them under social security systems, and private retirement schemes are taking on increasing importance in the public eye. Understandably, the need for people to plan for retirement has never been greater. Yet, as Henry Walkfesh, an American retirement advisor observed: "People head for that state with far less planning than they give to a two-week vacation trip."

Why and how are employers helping employees to plan for retirement? Both corporate self interest and genuine concern for employees lie behind the current trend to educate prospective retirees about the special problems and opportunities of retirement. Many companies begin a pre-retirement counselling process several years before the employee is eligible to retire.

Interest in the entire area of gerontology has been burgeoning, and the University of Southern California's Andrus College is a focal point of this interest. As well as a large endowment, government funds have been given to support the university's studies in this long-neglected field.

Numerous studies have been made in order to gain an insight into how older people see themselves and to identify ways and means of achieving a happier retirement. Financial security and emotional fulfilment are key goals.

In 1978, President Carter announced the formation of a commission on pension policy to explore this subject and related issues and offer possible solutions. The commission met, for the first time, a year later. Thomas C. Woodruff, its executive director, expressed great concern about the coming bumper crop of retirees due just after the year 2000, reflecting the World War II baby boom. The graphic changes of work and retirement patterns are clearly demonstrated by the fact that in 1900, more than two-thirds of American males age 65 and over were working while, by 1979, 80 per cent were retired.

It is this type of dramatic swing that inspired Woodruff to enquire if "we can continue our current policies about work and retirement." The concern in America is shared in Europe. Indeed, the Council of Ministers of the Council of Europe passed a resolution on November 3, 1977 urging the member nations to sponsor pre-retirement education.

Financial problems connected with meeting the need for adequate retirement income are truly imposing. Social Security is, by law, indexed to the cost of living, but this pay-as-you-go system will be financed by a relatively smaller working population in the future. Private pensions covering almost two-thirds of America's workforce, either do not include cost-of-living increases or they reflect only partial rises in prices. To help alleviate the problem, former Commissioner of Social Security, Robert J. Myers, suggests that the age at which Social Security on retirement is paid should eventually be increased to 68, from the present 65.

Fortunately, many private and prestigious organisations and individuals are actively laying the groundwork for informed decisions. The National Council on the Aging, together with nine large corporations and four major unions, recently undertook a cooperative effort to develop a new approach to retirement planning. The focus was on employees in their forties and fifties. It emphasised the clarification of goals, planning skills and practical decision making.

Boredom

One of the most significant findings revealed that only 10 per cent of the employees participating in the survey had made definite plans, 29 per cent had tentative plans and 61 per cent no plans at all. While the largest percentage, 41 per cent, gave boredom and inactivity as the most undesired aspect of retirement, 68 per cent expected that the most likely problem would be maintaining their standard of living.

The survey lent support to other studies and professional views that retirement problems and planning are complex areas for which there is no simple panacea. With this in mind the NCOA has developed a programme that encourages employees to put together a personal plan for retirement.

It covers: life-style planning; financial planning; being healthy; interpersonal relationships; community services; living arrangements; leisure time and new careers in retirement.

The Chrysler Corporation provides a significant example of the increasing importance that employers and unions are giving to retirement counselling. Chrysler and the United Auto Workers launched a cooperative programme in 1965 to allay fears and insecurity about prospective retirement, while providing information and guidance to enable employees and spouses to make informed decisions.

And how has Chrysler viewed this programme during the financial difficulties of the past two years? W. L. Monroe, a Chrysler executive, says: "The Chrysler-UAW Pension Board is maintaining retirement counselling sessions as a most beneficial programme for the morale of employees."

Even before the 1978 amendments to the Federal Age Discrimination in Employment Act prohibited mandatory retirement before age 70, changes were occurring. At U.S. Steel, most employees were permitted to continue working as long as they could pass an annual medical examination related to their occupations.

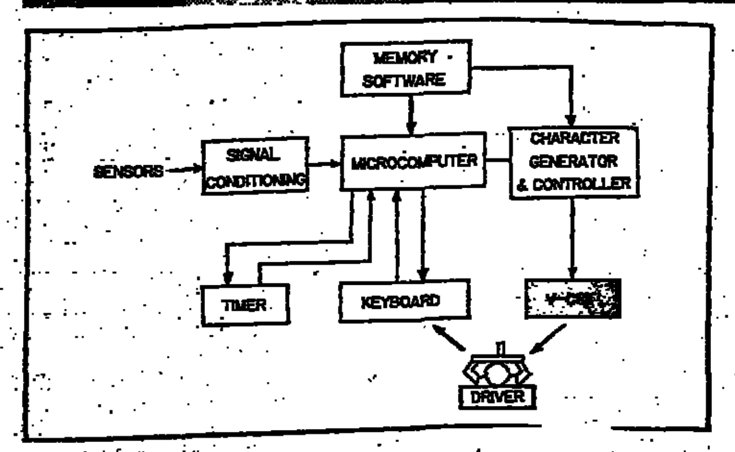
Forced retirement, based on the broad assumption of diminished capabilities, continues to fade as a viable concept. The American Medical Association, for example, has expressed concern about the physical and emotional wellbeing of people who are denied the right to work simply because of having reached some age plateau.

From March 29, to April 1, 1981, the National Council on the Aging will meet in Nashville, Tennessee for its 31st annual conference. The NCOA's president, Ellen Winston, says that the conference will "highlight isues critical to the field of aging and the problems that cry out for solution as increasing number of Americans become part of the U.S. older population."

Louis Kleber is a manager with Peat Marwick Mitchell in New York.

Technical News

EDITED BY ARTHUR BENNETT AND ALAN CANE



Dowty gives plastic propellers a spin

BY ELAINE WILLIAMS

A BRITISH company is making what it calls a "make or break" attempt to win a large share of the new market now opening up for propellers on civil aircraft.

Dowty Rotol, part of the Dowty group, has already spent about £10m re-equipping all its factories for the future. Now it is spending another £500,000 on machinery to produce a new design of plastic propellers which it hopes will generate new business as its existing propeller business, based on the older Rolls-Royce Dart engine, gradually disappears.

Carbon fibre

By spring, next year, full production of the propellers—which are claimed to be aerodynamically better, lighter, quieter and simpler than competitive designs—will be underway.

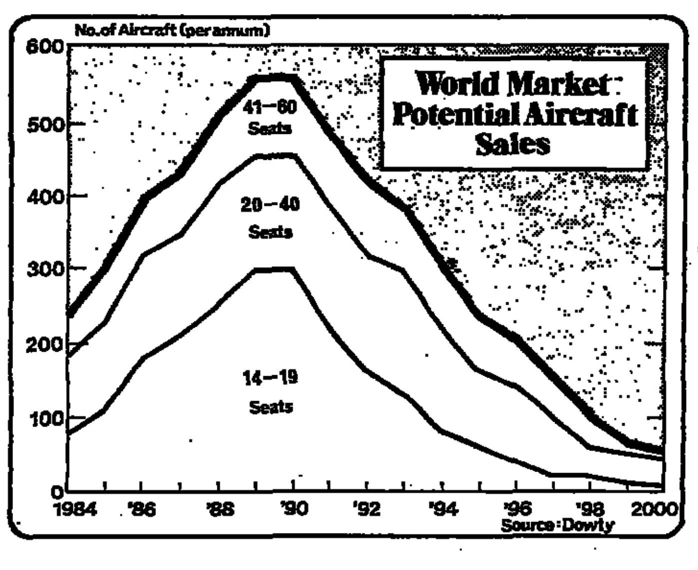
Already the new design has found use in general aviation—it was first used on small agricultural aircraft—and has since been extended to compete with the U.S. dominated commuter aircraft market.

Dowty Rotol and the Aircraft Research Association in Bedford were jointly involved in the development of the new shape propeller. The applied the same principles to propeller blade design as had been applied to aircraft wings. This produced a propeller which, for a given engine power, produced higher lift with lower drag and with smaller blades.

The other important development was the introduction of reinforced plastics — carbon fibre provides the strength — which has led to significant savings in weight compared with traditional metal propellers — especially on the larger blade sizes.

Dowty has had more than 10 years experience in designing these composite blades for hovercraft propellers. Plastic was used to replace metal in such harsh, highly corrosive environments because it does not rust. Furthermore it is not subject to fatigue like metal. And it is possible to repair plastic blades if they are damaged while metal ones have to be scrapped.

The propellers new shape and lightness has allowed Dowty to simplify the hub which holds and controls the blades. The number of parts which make up the assembly has been reduced from 1,600 to only 220, cutting the cost of production by about 80 per cent.



A Dowty engineer removing a composite propeller casting from its mould, left; Dowty's estimates of the market, right.

Turbo-props

Dowty says that the last period of propeller development was associated with turbo-prop engines such as the Rolls-Royce Dart in the 1960s. They were metal and accumulated more than 92m flying hours on aircraft with take-off weights of between 15,000 and 40,000 kilogram.

But increasing fuel costs, and at a time when noise has become an important issue, have led to a re-examination of propeller technology. There has even been the suggestion that, in the next 20 years fairly large-sized propeller driven planes seating up to about 60 passengers could be developed for short hauls, because of their better fuel consumption.

Dowty Rotol says that the two market sectors, general aviation and commuter aircraft, in which it has chosen to compete are worth about £20m for propellers. It is competing only in turbo-props and not the piston engine market which accounts for the bulk of small aircraft designs.

It has chosen to compete in a very narrow slice where it sees growth potential, rather than try to compete in the piston engine market which uses cheaper propellers and is already dominated by U.S. manufactuarers.

Competition

The second market, which will make more use of the plastic propellers, is commuter aircraft.

In this area, Dowty has already won the contract to supply propellers for the Saab/aircraft makers to build 35-seater turbo-prop. But its main competitor here, Hamilton Standard, has won two other orders in this range. One is for the De Havilland Dash 8; the other is for the Brazilian Embraer 120.

There are other projects by aircraft makers to build 35 seaters. A joint venture is planned between Casa in Spain and P. T. Nurtanio in Indonesia but it has yet to announce contract details. Aerospatiale and Aeritalia also are believed to be considering a joint plan for a similar craft.

In the near future, Shorts is expected to announce the winner of the contract for propellers on its new SD 360, another 35-seater. Dowty has high hopes that it will win this contract.

According to the company; the world market forecasts for commuter turboprop aircraft between 1980 and 2000 is in the region of 2,200 for 15-19 seater aircraft — worth $3bn at 1980 prices — and 2,000 for 20-40 passenger range, worth about $6.9bn.

In the commuter market, Dowty hopes that it will win up to 48 per cent of the market within the next five years.

Almost the entire market for these aircraft is in the U.S. and Dowty has the difficult problem of competing against the three U.S. propeller makers Hamilton Standard, part of United Technology; Hartzell and McCauley, owned by Cesna, on their home ground.

Dashboard displayes in six colours

ZENITH RADIO in the U.S. has developed car dashboard displays using a purpose-designed cathode ray tube and expects installation in cars from the mid-80s onwards.

Operating in conjunction with microprocessor-controlled vehicle electrical systems and transducers, the unit will be able to display in six colours, with claimed readability even in direct sunlight, of parameters such as speed, tank contents, coolant levels, temperature and oil pressure.

Thus, the flexibility of the cathode ray tube as a display device is coupled with that of the mircoprocessor to give a system upon which the car maker can ring the changes with great ease. The styling of the graphics and alpha-numerics on the screen can, for example, be easily changed to suit a brand image or a model change, eliminating the need for retooling. Foreign languages also become much less of a problem—it is merely a matter of re-programming the microw and no hardware changes are involved.

The display itself, called Zenith V-CRT needs only five basic connections for horizontal and vertical scan drive, video, power and ground. These interconnections remain unchanged regardless of the complexity of display format and content. When additional transducers are used and other functions displayed, no other connections to the display are needed.

Clearly, the prospect opens up for the display of information that would be difficult or impossible using conventional display systems.

GEOFFREY CHARLISH

NEWS IN BRIEF

COMPONENTS

WALKWAY BRACKETS that can be adjusted to provide a horizontal platform on vertical or battered Aluma wall shutters have been introduced by GKN Mills hire and sales division (01 567 3083).

Made in extruded aluminium alloy channel sections offering high strength with low weight, they can be fixed anywhere on the Aluma strongback or over two or more Aluma beam walers and provide a safe working load of 6.8 kN.

MATERIALS

IDEAL FOR older, Coronation Street-type dwellings is an insulation overcoat made of Thermafoil rigid urethane panels, faced with a foil back liner and glass tissue front liner fixed to the outside of buildings, announces Tarmac, Ettingshall, Wolverhampton (0902 41101).

The panels are then covered with a metal lathing on to which is applied a final decorative coating to the householder's choice.

Apart from helping to keep the building warm, Tarmac says the panels also promise to cut fuel bills and combat condensation and damp.

PRESERVATION

A CORROSION preventive coating containing inhibitors to slow down oxidation and additives which have an affinity for the surface of steel components and thus displace water has been introduced by Smallman Lubricants, West Bromwich B70 (021-557 3372). A thin and almost colourless liquid known as Crowncote RP7, it can be applied by spray, dip or brush. For certain light press-working operations, Smallman claims, the product can also act as a lubricant.

DRILLING

THE FIRST of a new series of hydraulic rotary earth drills introduced by Hands-England Drilling, Letchworth, Herts (046 26 72025), named the Hero 30C, is crawler-mounted and has a pressed steel welded mast, 600 mm-stroke heavy-duty levelling jacks, and hydraulic hoses and fittings capable of withstanding a working pressure of 180 bar. The control panel is designed to give the operator an unobstructed view during drilling.

ELECTROGORMING

AN ELECTROFORMING technique developed by an American company is claimed to be yielding substantial advantages over hand-setting and electroplating in the production of diamond rotary dressing tools.

It enables metal containing diamond to be applied at low temperatures to the face of a mould of the required shape. Mould and electroform are then separated, giving a diamond-impregnated metal structure which duplicates the form of the mould.

Known as the Elmet process, and originated by Electro-Metals Inc., Deep River, Connecticut, it is now being used to produce high-precision diamond tools for dressing flat and complex forms on conventional abrasive grinding wheels. Tolerances as fine as one micron are said to have been achieved. In addition to diamond grit, other types of abrasive such as boron nitride cubes can be incorporated into the electroformed structure.

The electroforming technique is claimed to provide keying characteristics superior to that of the conventional sintered matrix, thus allowing the use of superior grades of synthetic diamond. Electro-Metals uses De Beers synthetic diamond, in addition to De Beers natural diamonds in mesh sizes from coarse to extremely fine.

The low temperature employed in the Elmet process is said to minimse distortion, thereby eliminating the need for subsequent grinding and lapping of the diamond surface.

LOMBARD

The Chancellor's third crisis

BY ANATOLE KALETSKY

THERE IS only one really important question about this afternoon's Budget: how will it affect the shape of the emergency mini-Budget which will follow it in the autumn?

It is not just Sir Geoffrey Howe's fault that his last two Budgets were overtaken within six months by crises and emergency economic packages. The previous Chancellor's efforts to plan taxes, public spending and monetary policy a year ahead suffered the same fate in the last three years of the Labour Government. It is worth recalling that most of the really important policy changes of the past five years—Labour's conversion to monetarism in 1976; the jump in Minimum Lending Rate to 17 per cent in 1979; the cut in MLR which preceded the recent weakening of sterling—have been rushed out in November mini-Budgets.

Self-confident

The world has been a turbulent place in recent years, and Chancellors are no more omniscient about the future than ordinary mortals. But what makes Sir Geoffrey Howe remarkable is that, after two years of earnestly painting himself into corners, he still seems as cheerily self-confident as ever *this year as he backs himself, and the Government's whole* economic strategy into a third, and probably decisive crisis.

For whatever detailed measures today's Budget may or may not contain, one thing is clear: in the short term, it will deflate the economy further. And what Sir Geoffrey and his advisers do not seem to have grasped is that the time is past when the short term did not matter. For the past two years, he could sell his policies by talking of "medium-term strategies" and "long-term benefits." But the "medium-term" has already arrived and the "long-term"—that is, 1984 and the next General Election—is now a clearly defined outline on the political horizon.

By the end of this year, vague talk about transforming economic behaviour and breaking down old habits and relationships will no longer be good enough. The prospects for 1983-84 are already crystallising. The forces which will determine these prospects are already in motion. And, if present trends or anything remotely resembling them continue for another year, the outlook is disastrous both for industry and for the Government. This is a fact which the leaders of the Confederation of British Industry have explicitly underlined in their recent assessment of the economic outlook. Unless things are clearly changing by the autumn, the threats of last year's CBI conference could well turn into pressure which will bend even the toughest Conservative Government.

The more deflationary today's Budget turns out to be, the smaller the chance of its decisions being implemented for a full year. Even some ardent advocates of the medium-term financial strategy have been arguing for more flexibility now, because they realise that the pressure for a much greater reflation will soon become irresistible.

What the CBI and every other group of forecasters, including the monetarist London Business School, are now saying is that every single component of demand will be weaker in 1981 than it was in 1980. Exports and industrial investment are certain to fall in the short term as a result of orders already cancelled during the past year.

Interest rates

If a tax increase is now added to all these deflationary forces, there is only one thing which could save the economic strategy from abandonment during the next few months: a really sensational fall in interest rates. While in the past interest rates have had only a small short-term effect on consumption and investment, it is just possible that a decline which goes well beyond the range of recent experience could alter established relationships rapidly enough to persuade the Government's supporters that all will not be lost by 1984.

Slashing interest rates while monetary growth is still excessive would be hard to reconcile with the monetary strategy. And there is no guarantee it would work. But if the Chancellor deflates in today's Budget, then rapid interest rate cuts of much more than two or three per cent will be the Government's only chances of keeping its political backing.

Above and below the £2 barrier

THERE SEEMS these days an ever-widening split in demand and consumption between those wines that may broadly be defined as fine vintage and those classified as suitable for everyday drinking.

On one side are the classed-growth clarets, the Côte d'Or burgundies and the distinguished single-vineyard wines of the Moselle and Rhine; and on the other, a vast assortment of every type of more ordinary wine from a variety of sources in many countries.

In real terms the fine wines are not necessarily more expensive than they were 10 or even fewer years ago, but they look that way becauseof the extraordinarily low prices at which the ordinaires and those a little better can still be obtained. A bottle of burgundy or claret costing £10 today is less expensive than one priced at £5 in 1975, for the pound today is now worth only just over two-fifths of its value then.

Bargains

The logic of this may be accepted mentally, but this does not make it any easier for most of us to pay the only nominally enhanced figure. Anyhow, it makes the low-priced wines appear great bargains, in spite of an abnormally disproportionate fixed-duty load and VAT too; and with some reservations many of them are very good value.

According to the off-licence multiple chains the ceiling for mass distribution is still £2 a bottle. When last autumn I asked *Marks & Spencer why they still* lacked a Côte du Rhône on their generally excellent list, I was told that when priced at £2.15 it had not sold sufficiently fast to meet their quite stringent requirements for a wine to retain its place on the sales shelf, though they added that they hoped to be able to put it back there.

Three grocery chains which have over recent months shown their selection to wine writers — Safeways, Cullens, and Waitrose — confirmed this £2 ceiling or barrier, as demonstrated by the marked number of their wines retailing at £1.99.

On Safeways' list at this price an AC Muscadet Sèvre et Maine was a little green, but agreeably fresh, and a Piesporter Michelsburg was obviously much sweeter, but had some character. I did not much care for their other German wines, and did not at all like their Spanish and Portuguese selection, which went as low as £1.49 a normal-sized bottle. But they had a light but clean Extra Dry Montilla at £1.49.

Cullens, who have also ventured up-market with Robert Mondavi California wines, had the best Greek wine that has come my way, a fruity red called Apollo, selling at £1.89. They had too a reasonably fruity good-for-the-money Argentine Franchette at £1.65 and a presumably Spanish Sauvignon, Cocha Toro, which had slight sweetness, *but was crisp* and well-balanced (£1.99).

Waitrose has also listed the Apollo, and a little cheaper at £1.75. They were less inclined to emphasise the £2 limit, and I found some of the lower-priced wines less well-balanced, and acid or edgy, but they had an excellent Hungarian red for £1.95 a litre. Another was the Cuvée Loron Vin de Table Rouge, bottled by the well-known Beaujolais firm of Loron, a well-rounded wine for £1.59.

Although France has done well with its atractive if confusingly numerous Vins de Pays, translated as French Country Wines, there is no doubt that it has been hit by the low-priced competition from Italy, Spain and some wine-growing countries outside Europe.

The traditionally high reputation that French wines have justifiably enjoyed has indeed been working against them. The head of a government-backed export marketing body commented last year: "Because people think French wines are the best, they assume that they must be expensive." And there is something in this argument.

Accordingly, last month an official commission for the export of French wines and spirits laid on in a London hotel an immense tasting of French wines that should retail below the critical level of £2. Thirty-one firms each showed a maximum of five bottles that would sell to the public at no more than this figure.

WINE

BY EDMUND PENNING-ROWSELL

In all there were said to be 120 wines available for sampling—the average taster might have been forgiven for thinking the number nearer 200—from all over France. All the main areas were represented, if only in some cases by firms in Bordeaux, Beaune, Chablis and the Rhone, whose non-appellation vins de table may or may not include in the blend a proportion of the local AC wine. But also on display were wines from such lesser regions as Roussillon, Bergerac, Gaillac and Corsica.

It was, of course, impossible to taste more than a small selection of the wines invitingly pressed on one, and as this was a trade show there is no point in identifying any particular wines. Some of the red vins de table struck me as rather coarse, and the whites—more difficult to produce cheaply and of good quality—tended to be on the dull, heavy side, though a white Cotes du Tarn was dry and fresh.

One the whole, the red Rhones stood out for quality in relation to price, and it was noteworthy that firms based in Burgundy, such as Rodet, Moillard and Patriarche are producing good branded red wines, whatever their source. In a way the whole display was greater than the sum of its parts, and served to reaffirm the great variety of modestly-priced French wines.

Moving to the other side of the wine spectrum, two distinguished Beaune houses, Josephy Drouhin and Louis Latour have shown in London their 1979 burgundies. In each case the whites appeared superior to the reds, and both were less expensive than the 1978s had been at the same stage.

Almost certainly the 1979s are less good, and probably have a shorter life than their immediate predecessors; but there is little doubt that they are better than the poor 1980s.

With the future of this year's vintage uncertain, and if successful unlikely to be inexpensive even by current burgundy standards, keen burgundy drinkers might be well advised to grit their teeth, bear in mind the decline in the value of money referred to above, and acquire some 1979s, particularly the whites. Henry Townsend and Company of Coleshill, Amersham, is already listing a selection of Louis Latour's.

Finally at Loeb's annual tasting, the main feature of which is usually the estate Moselles and Rhines, there was a selection of 1978s, 1976s and some Auslese 1976s. Germany has not had a really good vintage since 1976, and all that can be said about the 1979s is that those from distinguished estates are better than might be expected, but one has sampled finer 1978s.

Better value

At this tasting the Maximin Grünhäuser Kabinett 1978 (£5.24) was deliciously fresh and well balanced, but a particularly good 1979 was the Nahe Winzenheimer Rosenheck Spätlese of Plettenberg (£4.38).

Although German wines of quality have always tended to look expensive, partly because they are unfamiliar to many in terms of cost/quality they have kept remarkably steady over the years, and remain better value for money in my view than some of the over-sweet wines at lower prices.

A look ahead to the Flat season

RACING

BY DOMINIC WIGAN

WITH THE Flat season drawing closer, ante-post betting is warming up, following the 2000 Guineas interest in two market leaders. Major companies report interest in both the Lincoln and the Free Handicap.

Tina's Pet remains a firm favourite at 6-1 for the Tote Free Handicap in which the Geoff Huffer filly is due to carry 8 st 8 lbs. Other prices for Newmarket's first major handicap of the campaign read 12-1 Piperhill, a Henry Cecil-trained candidate, with 7 st 10 lbs, 16-1 Moores Miracle (7 st 12 lbs, R. Armstrong), 16-1 Poldhu (8 st 5 lbs, Michael Jarvis), and 20-1 Noalto (8st 2 lbs, Frankie Durr).

I shall be very surprised if we do not see Piperhill's odds contracting further over the next three weeks and it is possible that the Warren Place colt will be vying for market position. Piperhill is a Red God chestnut, out of Parthian Song, half-sister to the brilliantly fast Porto Bello.

He could hardly be on a more lenient Tote Free Handicap mark in view of his first season efforts. After winning all his three races as a juvenile, he wound up the 1980 campaign with a six lengths victory over Sipestro in Doncaster's valuable Rous Nursery.

The 7 lbs claiming apprentice, Day, rode him on each of those occasions, and with Piggott unable to do the weight next month Cecil's highly competent young rider seems assured of the mount.

Turning to the William Hill Lincoln, in which I expect to see Piggott aboard Abington, Bezique continues to attract solid support. So far her odds have contracted from the opening 33-1 to 12-1.

If Mark Smyly's runner justifies this confidence she will have pulled off another substantial coup for her connections. Bezique's trainer and owner, the international backgammon player Bobby Lorenz, triumphed in the Lincoln a few years back through Blustery.

The undoubted star of Timeform's powerful publishing stable is the 1,036-page Racehorses annual.

One Timeform publication every keen racing person can afford is "Timeform Horses to Follow." This invaluable little book, which has proved a real friend to the punter over the years, is available at £2.50 from most bookshops, or direct from Timeform, Halifax, West Yorks. HX1 1XE.

ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. S. 836 3161. CC 240 5258. ENGLISH NATIONAL OPERA. ...

THEATRES

PRINCE EDWARD. S. CC. Box Office 437 6877. CC Hotline 439 8499. Group sales 379 6061. Evgs. 8.00. Mats. Thurs. (Economy price) and Sat. 3.00. EVITA by Tim Rice and Andrew Lloyd-Webber. Directed by Harold Prince.

PRINCE OF WALES THEATRE. 930 8681. Credit card bookings 930 0846. PAUL DANIELS in IT'S MAGIC. Mon.-Thurs. 8.00. Fri. and Sat. 6.00 and 8.45. EASTER Perfs. Good Fridays as normal. EXTRA MATS. 20th and 21st April AT 3.00.

QUEEN'S. S. CC. 01-734 1166. 01-439 3849. 01-439 4031. PENELOPE KEITH. Peter JEFFREY. Barbara FERRIS in MOVING. A new play by Stanley Price. Directed by Robert Chetwyn. Evs. 8.0. Mats. Wed. 3.0. Sat. 5.0 and 8.15. Group sales 01-379 6061.

RAYMOND REVUEBAR. CC 01-734 1593. At 7.00, 9.00, 11.00 pm. Opens Suns. PAUL RAYMOND presents THE FESTIVAL OF EROTICA. New Acts. New Girls. New Thrills. 3rd sensational year. Fully air conditioned.

ROUND HOUSE. LLOYD'S BANK SHAKESPEARE WORKSHOPS presented by NEW SHAKESPEARE COMPANY. All Perfs. SOLD OUT. Summer Term Workshops at Open Air Theatre open bkg. March 23.

ENTERTAINMENT GUIDE IS CONTINUED TODAY ON PAGE 24

TV/Radio

BBC 1

† Indicates Programme in black and white

6.40-7.55 am Open University (Ultra high frequency only). 9.05 For Schools, Colleges. 12.42 pm Regional News for England (except London). 12.45 News. 1.00 Pebble Mill At One. 1.45 Pigeon Street. 2.00 You And Me. 2.14 For Schools, Colleges. 3.00 Nationwide Budget Special: David Dimbleby introduces coverage of Sir Geoffrey Howe's third Budget.

5.40 News.
5.55 Regional News Magazines and Nationwide.
6.20 Nationwide.
6.45 Rolf Harris, Cartoon Time (London and South East and Scotland).
7.15 Taxi.
7.40 Seapower.
8.10 When The Boat Comes In.
9.00 News.
9.25 *The Budget: The Chancellor of the Exchequer*, The Rt. Hon. Sir Geoffrey Howe, MP, for The Government.
9.35 Play For Today.
11.05 Platform One.
11.35-11.40 News Headlines.

All Regions as BBC1 except as follows:

Cymru/Wales — 11.38 am-12.03 pm Dechrau Siarad. 5.55-6.20 Wales Today. 6.45 Heddiw. 7.10-7.40 Pobol y Cym. 11.35 News Headlines, News and Weather for Wales.

Scotland — 10.38-10.58 am For Schools (around Scotland). 12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 11.05 Current Account. 11.35 News and Weather for Scotland.

Northern Ireland — 10.38-10.58 am For Schools (Ulster in Focus). 5.55-6.20 Scene Around Six. 6.45-7.15 Make Mine Country. 11.35 News Headlines, News and Weather for Northern Ireland.

England — 5.55-6.20 pm Look East (Norwich); Look North (Leeds); Look North (Newcastle); Look North West (Manchester); Midlands Today (Birmingham); Nationwide (London and South East); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 6.45-7.15 East (Norwich)—It's Your Image; Midlands (Birmingham)—Look! Hear!; North (Leeds)—Hometown; North East (Newcastle)—Looks Natural; North West (Manchester)—Towards Tomorrow; South (Southampton)—Smitten City; South West (Plymouth)—The Music Quiz; West (Bristol)—Day Out.

BBC 2

6.40-7.55 pm Open University.
10.00 Business World.
11.00 Play School.
11.25 Speak For Yourself.
2.30 pm Roads to Conflict.
†3.00 Propaganda With Facts.
3.30 A Child's Place.
3.55 Play School (as BBC1, 11.00 am).
4.20 Secret Squirrel.
4.25 Jackanory.
4.40 Isla And The Farm on the Hill.
5.05 John Craven's Newsround.
5.15 Children of Fire Mountain.
†5.40 King of The Rocket Men.
6.05 Maggie.
6.30 News Summary.
6.35 One Hundred Great Paintings.
6.45 The Tuesday Western: "Rio Bravo," starring John Wayne.
9.00 Pot Black 81.
9.50 One Man And His Dog.
10.30 Cartoon Two.
10.45 Newsnight.
11.30 The Budget: The Chancellor of the Exchequer, The Rt. Hon. Sir Geoffrey Howe, MP for The Government.
11.40 Open University.

BBC2 Wales only — 5.15-5.40 pm Bilidowcar.

LONDON

9.30 am Schools Programmes. 12.00 Jamie and the Magic Torch. 12.10 pm Pipkins. 12.30 The Sullivans. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon Plus. 3.00 Budget '81: Alastair Burnet, Peter Sissons and Martyn Lewis cover Sir Geoffrey Howe's Budget.

5.45 News.
6.00 Thames News.
6.25 Help!
6.35 Crossroads.
7.00 Looks Familiar.
7.30 Bognor.
8.00 Robin's Nest.
8.30 Janet and Company.
9.00 ITV Playhouse.
10.00 News.
10.30 The Chanceller of The Exchequer. Chancellor Sir Geoffrey Howe talks about his Budget.
10.40 Midweek Sports Special.
11.50 Superstar Profile.
12.20 am Close: "Sit Up and Listen" with Dr. John Rae.

All IBA Regions as London except at the following times.

ANGLIA

12.30 pm Out Of Town. 1.20 Anglia News. 6.00 About Anglia. 7.00 *Life Begins at Forty*. 11.58 Paris by Night. 12.20 am Pilgrim Ways.

ATV

12.30 pm Gardening Today. 1.20 ATV News. 6.00 ATV News. 6.05 Crossroads 6.30 ATV Today. 7.00 *Emmerdale Farm.* 11.50 *ATV News.* 11.55 Late Night Country Music: Dolly Parton.

BORDER

1.20 pm Border News. 6.00 Lookaround Tuesday. 7.00 Emmerdale Farm. 11.50 Border News Summary.

CHANNEL

12.30 pm Gardening Today. 1.20 Channel Lunchtime News, What's On Where and Weather. 6.00 Channel Report. 7.00 Benson. 10.28 Channel Late News. 10.32 A Chance To Meet . . . Gordon Banks. 11.50 Commentaries et Previsions, Meteorologiques.

GRAMPIAN

9.25 am First Thing. 12.30 pm Simply Sewing. 1.20 North News. 6.00 North Tonight. 7.00 Welcome To The Ceilidh. 11.50 North Headlines. 10.28 HTV News.

GRANADA

1.20 pm Granada Reports. 6.25 This is Your Right. 7.00 Emmerdale Farm. 11.50 Bluey. 12.05 am After All That, This.

HTV

12.30 pm George Hamilton IV. 1.20 HTV News. 6.00 Report West. 6.30 Definition. 7.00 Emmerdale Farm. 10.28 HTV News.

HTV CYMRU/WALES. As HTV West except:— 9.47-10.02 am Wales and the Sea. 10.48-11.03 Believe it or not. 12.00 Poli a Pili. 12.05-12.10 pm Calimero. 6.00 Y Dydd. 6.15-6.30 Report Wales.

SCOTTISH

12.30 pm Gardening Today. 1.20 News and Road and Weather. 6.00 Scotland Today. 6.20 Job Spot. 6.30 What's Your Problem? 7.00 Emmerdale Farm. 11.55 Late Call.

SOUTHERN

1.20 pm Southern News. 6.00 Day By Day. 7.00 Emmerdale Farm. 11.50 That's Hollywood.

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 1.20 pm North East News and Lookaround. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 7.00 Emmerdale Farm. 10.30 North East News. 11.56 Epilogue.

ULSTER

1.20 pm Lunchtime: 2.59 Ulster News. 6.00 Good Evening Ulster. 7.00 Emmerdale Farm. 10.29 Ulster weather. 11.50 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 12.30 Gardening Today. 1.20 Westward News Headlines. 6.00 Westward Diary. 7.00 Benson. 10.31 Westward Late News. 11.50 Faith for Life. 11.56 West Country weather, shipping forecast.

YORKSHIRE

12.30 pm Looks Familiar. 1.20 Calendar News. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm.

RADIO 1

(S) Stereophonic broadcast
‡Medium wave

6.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.30 Dave Lee Travis. 4.30 Peter Powell. 7.00 Talkabout with Adrian Love. 8.00 Richard Skinner. 10.00-12.00 John Peel (S).

RADIO 2

5.00 am Bob Kilbey (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 David Hamilton (S). 2.00 Steve Jones' Request Show (S). 3.15 Budget Special with Jimmy Young and Dominick Harrod. 6.30 John Dunn (S). 8.00 The Leading Ladies introduced by Vanessa Lee (S). 9.00 The Songwriters (S). 9.55 Sports Desk. 10.00 The Law Game. 10.30 Funny You Should Ask. 11.00 Brian Matthew with Round Midnight; including 12.00 News. 2.00-5.00 am You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composer: Clementi (S). 9.45 St. David's Music Week (S). 11.30 Music for Guitar (S). 12.05 pm BBC Welsh Symphony Orchestra, part 1 (S). 1.00 News. 1.05 Six Continents. 1.25 BBC Welsh Symphony Orchestra, part 2 (S). 2.05 Gabrieli String Quartet (S). 3.35 Malcolm Binns Piano recital (S). 4.25 Jazz Today (S). 4.55 News. 5.00 Mainly for Pleasure (S). 6.30 "Tristan und Isolde" by Wagner (recording from last year's Munich Opera Festival) Act 1 (S). 7.50 The Lyttelton/Hart-Davis Letters. 8.10 "Tristan und Isolde," Act 2 (S). 9.25 Running a University (talk by Lord Annan). 9.45 "Tristan und Isolde," Act 3 (S). 11.00 News. 11.05-11.15 Ligetti (S).

VHF Only—Open University: 5.55-6.55 am and 11.15 pm-12.55 am.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today, including 6.45 Prayer for the Day, 7.00, 8.00 Today's News. 7.30, 8.30 News Headlines, 7.45 Thought for the Day. 8.35 Yesterday in Parliament, 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.02 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Thirty-Minute Theatre. 11.35 Wildlife. 12.00 News. 12.02 pm You and Yours. 12.20 Down Your Way visits Parkgate in the Wirral Peninsula, Cheshire. 12.55 Weather, programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Story Time. 3.17 The Budget. 5.50 Shipping forecast. 5.55 Weather forecast. 6.00 News and PM Budget Special including a round-up of the rest of the day's news. 7.00 News. 7.05 The Archers. 7.20 Medicine Now. 7.50 An Eye For An Eye. 8.35 Love's Old Sweet Song. 9.05 In Touch. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Earthsearch by James Follett (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.03 Morning Star. 10.03 The Robbie Vincent Telephone Programme. 12.30 pm London News Desk. 12.40 The Tony Fish Total Music Show. 2.30 Tony Blackburn. 5.00 News. 5.15 Music on the Move. 6.33 Openings. 7.03 Black Londoners. 8.00 As Radio 1. 10.00 Question Time from The House of Commons. 11.00-5.00 am Join Radio 2.

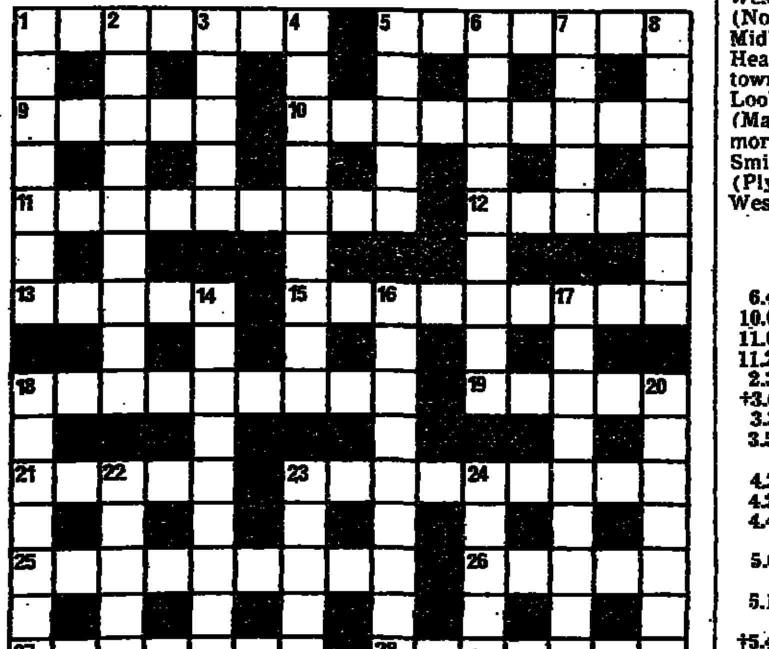
London Broadcasting

6.00 AM—Bob Holness and Douglas Cameron. 10.00 Jenny Lacey. 12.00 LBC Reports. 3.00 pm LBC Budget Special and at 7.00. Round-up of what the Budget will mean to us all. 7.30 London Life. 9.00 Mike Dickin's Nightline: with tax expert, Ray Godfrey, stockbroker, Michael Hughes and LBC's Financial Editor, Douglas Moffitt; also Nigel Lawson, Financial Secretary to the Treasury. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 4.00 LBC Special. 5.00 Morning Music.

Capital Radio

6.30 am Mike Smith's Breakfast Show. 10.00 Michael Aspel 12.30 pm Graham Dene. 1.00 First Report. 1.10 Graham Dene (continued). 3.00 Roger Scott. 7.00 London Tonight. 9.00 Nicky Horne. 11.00 Tony Myatt's Late Show. 2.00 am Night Flight.

F.T. CROSSWORD PUZZLE No. 4,515



ACROSS

1 Sauce needed to overtake (7)
5 Breaks outside church for a drink (7)
9 Previous head of monks (5)
10 Flowing out and turning me before a race (9)
11 Silver in a country (9)
12 Deal with a feast (5)
13 Rover making a small number insane (5)
15 Seat in which it is easy to control a meeting (4-5)
18 Thirsty person adding condiment or dealer in gums and dyes (9)
19 Relieved when in river coming back ... (5)
21 ... and arrive at a stretch of river (5)
23 Bird, fish and vegetable (9)
25 Cut across and bury a dissenting body (9)
26 Prepared for a sudden surprise (5)
27 The lowest level of a firm vessel (4-3)
28 Muscle required by clergyman from the east (7)

DOWN

1 Head-boy of school I can pat unusually (7)
2 Slim and sticky what-do-you call-it (9)
3 Bird taking a female on (5)
4 American chairman is to *superintend* book (9)
5 Ladder-like structure from state in South America (5)
6 Pump airman he follows in anguish (9)
7 Not dead but needing beer about four (5)
8 No tears abnormally from American representative (7)
14 The end part put up in an unsafe structure (5-4)
16 Serve it around and in France it's a napkin (9)
17 Temperate but missing metal within (9)
18 Gloomy vessel within another vessel (7)
20 Follows sailor and what the sailor may follow (3-4)
22 Player and airman on a hill (5)
23 Tribe around the east is guiltless (5)
24 Deceitful fellow found in a pack (5)

Solution to Puzzle No. 4,514

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THE ARTS

Wigmore Hall

Marisa Robles

by MAX LOPPERT

Harp recitals seldom stray from a well-marked course. Restrictions or repertory result in a proliferation of small pieces, arrangements of music intended for other instruments, showpieces. In a more than customary sense, the success of the concert depends on the player's fusion of technical prowess and personality—without brilliance, charm, insouciant ease, and a prodigious command of colour and fantasy, a bitty experience is in prospect.

Miss Robles, of course, is famed for her many linked gifts as a harpist; her recital on Sunday, is the Wigmore Master Concerts series, gave as much pleasure as ever — spending an evening in the Wigmore Master Concerts Under her hands the harp becomes an instrument of protean powers and possibilities, with a dynamic range, wider than one remembered, that she explores with sometimes breathtaking artistry. Trifles by (among others) Cardon, Naderman (a skirling dance *à l'écossaise* beautifully turned), Cabezón and Mateo Albéniz in the first half tested her purely expressive powers to happy and various effect.

In the second—a Romantic (mostly 19th century) selection following a "Classical"—the newly developed virtuosity of an instrument expanded in scope of technique was glitteringly purveyed. We heard two of the foremost harpist-composers, Godefroid and Hasselmans—the latter's *La Source* the epitome of water imagery decked in sweet-toothed salon harmonies—and admired Miss Robles' determination to extend her range by transcribing four Chopin pieces (the result was unequally successful but thought-provoking). Guridi, the Basque composer (also the harpist's godfather), left evidence that his melodies sit quite as freshly on this instrument as they do on those of Los Angeles and Caballé.

The amount of chitchat between items has been increased since I last attended a Robles recital: "dedications" of performances to individual members of the audience are perhaps a less happy development (the talk padded out a full helping of music to excessive length). The "programme" was a single sheet of paper, minimally functional, retailed at 15p; even then, its basic information, such as Hasselman's first name, was not entirely reliable.

St. John's, Smith Square

Davy and Taverner

by RICHARD JOSEPH

The fine Early Music press Mapa Mundi occasionally includes live concerts of rarely performed works in its wide range of activities. On Sunday night it presented Richard Davy's *Passion According to St. Matthew* (c1500) and John Taverner's sumptuous *Gloria tibi trinitas* mass (c1520-1530) sung by Coro Cappella conducted by Mapa Mundi's director, Bruno Turner.

Davy's is not the earliest British passion setting, but it is one of the first to divide the text between what we might label informative and artistic components. The Evangelist and Christ sing unaccompnied plainchant, minimally inflected and characterised. The chorus participates in the story by taking all the other roles, but the polyphonic elegance and beauty of their music remove them from the straightforward narrative sequence of events.

These two different elements make Davy's setting exceptionally difficult to perform in concert. On Sunday night tenor Ian Partridge sang the Evangelist's part beautifully, if with more expression than the simple plainchant could comfortably bear. By relating his part to the musical perspective of the more artful choral elements, some degree of continuity was achieved, but the austerity of the composer's setting might be better served if this relationship was reversed. David Thomas did not project Christ's lines quite as expressively, yet the slightly slower pace of his delivery was most telling. Some forgiveable lapses of concentration apart, the choral contribution was clearly if somewhat too indulgently sung.

John Taverner's six-part *Gloria tibi trinitas* mass seemed lavish in comparison to the Davy. After a few congested movements, Coro Cappella settled in and gave a sympathetic account of the music. Bruno Turner set just about perfect tempi and pointed out the variety of Taverner's invention in a subtle, natural way. Trebles would have brightened the overall tonal spectrum. Though Coro Cappella's sopranos are all good musicians, they have an Oxbridge languor, at once very adult and very tepid, which is not really suitable.

Buxton Festival appointment

Buxton Arts Festival has announced the appointment of Christopher Barron as general manager, to take over from Miss Janet Warburton, who has resigned as administrator.

City Museum/Arnolfini, Bristol

Giacometti—a kind of failure

by WILLIAM PACKER

In looking back over the art of even the fairly recent past, we have grown somewhat less inclined than we were to concern ourselves with great movements as such (or are at least more sceptical of them) for they seem ever to fade and dissipate under any steady consideration. It is perhaps better to take a safer and more immediately profitable course by looking to the particular artists and the apparent certainties of their personal achievement. Giacometti, for example, is generally understood to be one of the masters of mid-twentieth century art, his work of the utmost singularity in a period characterised by idiosyncrasy, and possessed of great emotional force. He must stand alongside such artists as Magritte and Morandi, Dali and Ernst, of course, all of them significant as individuals, and all significantly children of Surrealism; yet he does not stand with any of them, and together they make no group.

The Arts Council has sent on tour a small exhibition (at the City Art Gallery, Bristol, until March 28, and then on to the Serpentine from April 10 until May 17), which offers a concise and most useful review of Giacometti's work in its several aspects and phases. We are shown the drawing, the painting and the sculpture, through which we follow the assimilation of open surrealism of his early years within a vision of humanity infinitely more general, ambiguous and personal.

Annette IV 1962, and Chiavenna Bust I 1964; two bronze busts by Alberto Giacometti

And through it we come to see something of the problems that Giacometti confronted in his work, the irresolutions and uncertainties, even the inadequacies that are revealed in the harsh and unforgiving light of the artist's own best intentions. For what we are shown are the fruits of an artist grappling with the central contradictions inherent in the business of making images of men and illusions of space: images that are real only in that they are made of real stuff, space that does not, cannot exist but in the mind. And we see Giacometti in a kind of resigned desperation, forever doubting what he has done, always aware that what is there is not quite what he intended, or thought was there, always puzzled, and always going on.

In 1965, the year before his death, the BBC made a short film of him at work, in his small studio in Paris, and in the course of it he makes this statement: "What I know is that more than ever, the more I remove, the larger it becomes. But why, I don't yet know—because in the most recent bust, which I am working on now, I am only taking away, and it is so big that I feel it is still twice the thickness. Therefore, I must take off more, and more, and more. And then I just don't know at all! That is where I am most lost, as if the material itself were becoming an illusion."

He felt that his failure was more total in the sculpture than in the painting, explaining it by the inescapable contradictions, of three dimensional perception, and the comparative certainty of the fixed model and point of view: but I am not so sure this is so. With the sculpture, a little more or less of the clay or wax makes a difference, of course, but however much is added or stripped away, and whatever the frustrations and despair of the artist at the moment he leaves off, there is at last something there, something remains, something has at least been done and fixed, and exists independently in the real world. But the paintings lack even this consolation in their uncertainty, and the drawings especially seem positive celebrations of indecision. The characteristic flurry of lines eventually appears little more than an effective conventional trick, an exercise in approximation that suggests search and struggle but sustains no real attempt at a decision. He was not, perhaps, the consummate draughtsman of reputation after all.

But even here, even with the flimsiest of drawings, with all the options left open and unresolved, the artist's integrity comes through nevertheless, and we come to share his preoccupation with space, with the palpable sensation of space and its occupation by a true imaginative presence. And so, through the drawing and the painting, we return to the sculpture, for his preoccupation is consistent to all his work.

What is Real? What is Like? How is clay vivified into Art? How can the human presence ever be caught and fixed? What are we, and what is our experience of the World? And it is the measure of Giacometti's heroic inadequacy in the face of these questions that in his bleak monochrome canvases, and most especially in all these strange lumpen and attenuated false starts and half-beginnings, we see not a distorted and impoverished travesty, but rather an authentic and indeed beautiful image of humanity, despairing perhaps, but also honourable and brave in that despair—not a failure at all, but a kind of triumph.

Professional duty usually takes me to the Arnolfini whenever I am in or near Bristol, and the call of pleasure always takes over when duty leaves off. It is a remarkable institution, enjoying a national reputation, and supplying facilities and amenities of which any community in the country should be not only proud but gleefully appreciative. Bristol is indeed lucky to have it, for the exhibitions and films, the music and dance that it brings to the city, to say nothing of the bookshop, the bar and the restaurant. And yet the good burghers of Bristol still spit on their luck to an extent that it is as sad as it is shocking. The subvention voted by the city comes to all of £900, which covers about 0.5 per cent of current costs, not very much in all conscience, even in these straitened times.

But the Arnolfini has survived not just this but 20 years, growing in that time from a tiny enterprise above a shop in Triangle West through various translations to its present eminence at the end of Narrow Quay. The actual anniversary fell a week ago, nad so to Jeremy Rees, the Arnolfini's founder and still its Director, and to all his staff, our congratulations and very best wishes for the future.

It so happens that the current exhibition is a fairly low-key affair, with four artists of very different kinds sharing the space; but it does represent an admirable long-standing policy of encouragement to younger and less well-established artists, particularly those who have no metropolitan base. The Arnolfini does initiate shows of greater weight, however, and I doubt there is an artist working in this country who would lightly throw up the chance to put his work into these handsome galleries. The latest beneficiary is John Loker, who was invited to mount a retrospective show of his work of the last ten years, which has just moved on from Bristol to the Newlyn Orion in Cornwall (until April 2, then to Bradford and Newcastle). I intend not to review that show, but only to recommend it by declaring my interest, for I have long admired Loker's work ("he takes the landscape as the source of his imagery, and yet his subject is quite as much the vocabulary of signs and marks available to the artist, or the procedures by which they may be exploited"), and I was very happy to contribute a short foreword to its catalogue.

ICA

Kagel

by DOMINIC GILL

It's difficult for any small concert organisation of limited resources to devise a single programme that will adequately show off the range of Mauricio Kagel's work. Many of his best pieces are extremely expensive to mount, or call for elaborate props; the ouvre itself is uneven; and the "Kagel idiom," that peculiar surreal and bittersweet, magically lunatic flavour on which the success of many works entirely depends, does not always travel well, nor is always (in the absence of the composer himself) easily learned.

The string sextet of 1953 with which MusICA opened its all-Kagel programme of Sunday night is a strong and promising work for a 19-year-old student, full of original approaches—but all in all an untidy, bitty piece, wholly uncharacteristic, and in the context of the rest of Kagel's work no more than an historical curiosity. General Bass for solo bass instrument is later, slight and charming, given here with poise by Rohan de Saram on the cello.

The first string quartet of 1965 is much more to the point—but the Arditti Quartet summoned all its ingredients in their performance except the most vital one: the excitement of that almost impossible point of balance (until you have once witnessed it) between panic and laughter, between total abandon and the most steel-tipped, finely-tuned control. And *Phonphonie*, a melodrama for two voices and tape powerfully delivered by Beth Griffith, is to my mind one of the least interesting of all Kagel's theatre-pieces: an essay (very fashionable in the 1960s) in the "dementia" genre that is neither very perceptive, nor touching nor funny — nor illuminating, even in the strongest performance, of any sort of compelling psychological or musical idea.

One day, maybe, we shall see in London some of the big "concert spectacles" like *Variété* or *Ex-Position* or *Bestiarium*; but until then, there are others too—*Acustica* (performed by actors, not musicians), the weird and lovely *Chorbuch*, the wildly funny *Presentation* (if an English counterpart to Guillermo Gallardo can be found) — less extravagant to produce, which could give a better idea of the other face of the coin.

Festival Hall

Matacic

Lovro von Matacic, the veteran Yugoslav conductor, won warm praise for his appearance with the Philharmonia last November. He was associated with this orchestra in the early days, making a number of recordings including a disc of excerpts from *Arabella* (with Schwarzkopf) which for many of us was a post-war re-introduction to that opera. On Sunday, Matacic conducted the Philharmonia Chorus and Orchestra in two big and slpendid works from the 19th-century repertory, Dvorak's *Te Deum* and Bruckner's Mass in F minor.

That was the order of the performance. Had the chronological order been observed, (Bruckner's Mass preceded Dvorak's Canticle by some 20 years), one might not have applied the adjective "big" to Dvorak. Beside Bruckner's profound originality and equally profound knowledge of the relevant musical past, his mighty blend of large spans and lapidary terseness, Dvorak's rampageous spontanaeity, though full of native cunning and brimming over with colour and melody, appears untutored.

The performances were big, certainly, with a measure of grandeur in Bruckner. There were signs that the conductor's beat was not always easy to follow — rough details of ensemble and some rough balancing. The Dvorak opening with a tremendous shindy in which the drums obliterated almost everything, then settled down into a richer sonority than we usually hear in the Festival Hall. The richness was welcome and the roughness of no great account. Sometimes the high polish and smoothness of the Philharmonia's normal style can become a little enervating.

The Chorus, not always as weighty in Dvorak as its numbers led one to expect (though with such scoring the Orchestra deserves to be given its head), came into its own in Bruckner. If the sopranos' intonation was less secure than usual the tenor section was in strong fettle. The solo quartet was led by Heather Harper, deputising at short notice for Helen Donath, with Alfreda Hodgson, Keith Lewis and Richard Van Allan. Miss Harper evidently had the considerable solo parts of both works at her finger-tips, singing perhaps not with maximum fullness but with great urgency.

RONALD CRICHTON

Mermaid re-opens with 'Eastward Ho!'

The greatly enlarged and embellished Mermaid Theatre in the City of London re-opens on Tuesday, July 7, with the Jacobean comedy *Eastward Ho!* by Ben Jonson, George Chapman and John Marston. It was originally presented at the Blackfriars Theatre in 1605 when its three authors were hauled off jail for their satirical references to the Scots.

There will be performances nightly until August 15 with two shows on Tuesdays, Thursdays and Saturdays.

The second production will be *Children of a Lesser God* by Mark Medoff (August 20-October 3), which will be its British premiere. The play has been an overwhelming success in America and, as in the U.S., the leading roles at the Mermaid will be performed by deaf and hearing-impaired actors.

Paris architecture

Pompeii through 19th century eyes

by GILLIAN DARLEY

In order to begin to understand the process that begat the architecture of the great Parisian railway termini, the Grand or Petit Palais, the Opera or the Palais de Justice, one factor alone provides the key. The extraordinary academic rigidity of French architectural education, unchanged between 1819 and 1968, and centred on one institution, the *Ecole des Beaux Arts*, produced an attitude to architecture never approached in Britain where Victorian architects trained on a pupillage system, learning from example and their own independant travels and observations.

A visit to the Ecole des Beaux Arts itself is a revelation. The buildings, ranges of classical type with their roots in Renaissance Italy rather than antique Rome, are surrounded by a forest of architectural fragments. Inside too the place is stacked with casts, the walls decorated with familiar images—even the Michelangelo Last Judgment *in toto*. The Ecole was the home base for the education of French (and foreign, especially American) architects, under the direct control of Napoleon III during the Second Empire, whilst the Villa Medici in Rome was the celestial place to which the chosen few, winners of the *Prix de Rome*, ascended. Already trained in every last detail of the classical canon of architecture, the prize winners went to Rome for five years. For three they remained at the Villa Medici, familiarising themselves with the architecture of classical antiquity and of the Renaissance. For the fourth year they were given a choice of buildings or sites which they were to measure, draw and, finally, "restore" (on paper).

In a fascinating exhibition, drawn from the rich archives deposited at the *Ecole des Beuax Arts*, the work of those French students who chose to study Pompeii as their fourth year exercise is represented by a selection of the *envois* of five architects, their visits ranging between 1823 and 1910. Their attitude to the task of "restoration" (to an idealised "antique" state rather than to a realistic form) varied widely. The earliest, F-E Callet produced an austerer, empty Forum. The last, Leon Jaussely, a highly coloured, bustling version of the same site — with distinct cinematic potential. Callet reflects the waning spirit of neo-classicism, Jaussely the full-blooded, if demoded, romanticism of the Beuax-Arts style, which by then had been in the ascendant for the preceding half century. Both examples illustrate the fundamental point of Beaux-Arts education, emphasising the supremacy of classical antiquity but which yet allowed for the architects' own interpretative approach. Yet many of the other architects whose drawings are also on show along with the five (who have been chosen as typical, rather than exceptional) were more fascinated by the interiors than the exteriors or wider implications of Pompeian Roman architecture. The luminous undulled colours of the frescoes, many of them only recently discovered, together with the sparse yet vivacious decoration fascinated many and appeared, often in near-facsimile, in many a fashionable house or public place during the 19th century.

The exhibition which is held in a cavernous hall of the Ecole des Beaux-Arts itself, crammed with miscellaneous architectural oddments, throws light on present attitudes, to antiquity as to design. Today Pompeii is for the archaeologist (the specialist) or for the tourist (the non-specialist). Few and far between are the architects sketching and measuring the ruins these days. Yet in architectural schools, in Europe and in the United States (which was, after France, most closely linked with the Beaux Arts school through the many students who were to train there) there is now a perceptible interest in classicism once more, and not merely as a fashionable trim (although columns and pediments are creeping in there too). There is little reason to imagine that students will ever again spend a considerable proportion of their training dealing with the finer points of the five orders (as Beaux-Arts students still did in the 1960s), yet the understanding of the language, especially in respect to balance and proportion, which governed architecture from the Greek temples onward is no irrelevancy. In the 19th century classicism was transformed into that flamboyant, rich and often indigestible style known as Romantic Classicism, represented by buildings as geographically far apart as the New York Customs House or the Gare du Nord. In the late 20th century some understanding of those earlier ideas, at least as theory, might protect some corner of some city from yet another thoughtless, intrusive building whose designer will clearly never have heard of the classical qualities, identified by Vitruvius in the 1st century BC and expressed by Sir Henry Wotton in the 17th century as "commoditie, firmnesse and delight."

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Tuesday March 10 1981

Civil servants and markets

THE KEY to the dispute between the Government and its civil service employees is not so much a grievance as a misunderstanding. Many moderate civil servants, particularly those in high administrative positions, for whom industrial action would, until recently, have been quite unthinkable, must be well aware that the Government's seven per cent pay offer is not unreasonable in comparison with what is being accepted by many private employees, and that it is decidedly generous after the large increases paid to civil servants in the first, free-spending year of the Conservative Government.

Information

The main point at issue, however, seems not to be the level of the pay offer, but the Government's attitude to the Pay Research Unit. This body has, in the past, set the framework of civil servants' collective bargaining by providing information on salaries and conditions outside the civil service and, to a lesser extent, on the state of the labour market. The Government's decision to suspend the PRU in October last year has been interpreted by the unions not just as a temporary device to help keep pay increases within the six per cent cash limit, but as an attempt to undermine progressively the pay and conditions, and even the status, of civil servants.

A general attack on the very existence of the civil service might have been welcomed by some of the more extreme backwoodsmen in the Conservative Party. The tone of some Ministerial speeches in the wake of the public sector pay explosion last year might not have helped to allay suspicions about the Government's aggressiveness towards the civil service. However, calmer reflection and examination of the Government's actions, rather than its rhetoric, would have indicated that there was no intention of mounting a wholesale campaign against civil service manning, pay or conditions. The Government has merely been trying to ensure that civil servants share to some extent in the sacrifices being demanded of all other employees in Britain.

Given that an efficient, competent and fairly large civil service is an indispensable requirement in any modern society, there can be no rational grounds for some of the vaguely defined fears which have driven many moderate civil servants to support industrial action. It has been claimed that one of the motives behind yesterday's all-out strike was a desire to show the public and the Government just how many aspects of modern life require civil servants to keep them going. It is a measure of the absurdity of some recent political rhetoric that such a demonstration should have been regarded as necessary. But it is also an indication of the civil service unions' increasingly unyielding attitudes. For it is they who represent justifiable efforts to reduce overmanning and raise efficiency in the many government departments as assaults on the whole concept of public service.

The simple economic fact which both sides in the dispute must grasp is that no government, however must it likes or dislikes its civil servants, can consistently keep civil service pay increases very much below or above those in the private sector. Over a period of years salaries and conditions in the civil service will tend to move in line with the pay and conditions offered by broadly similar jobs in the private sector. This will happen with or without pay research, because of the action of market forces.

Labour market

However, because the signals of the labour market are not always emitted very clearly or very promptly, particularly in an organisation as complex as the civil service pay research can have a useful part to play if it is directed at analysing and reinforcing the balance in the labour market. What cannot be allowed is for pay research to over-ride automatically the exigencies of public expenditure control and the public sector productivity policies promised by the Government. If some form of market-oriented pay research as one element in pay determination is what the civil servants are seeking, it should not be too difficult for the Government to reassure them that there is un unbridgeable gulf between the two sides' positions on the medium-term future of public sector pay bargaining.

U.S. interests in Namibia

THE REAGAN Administration has set out with one overriding foreign policy aim, to stop Soviet expansion. It is to its credit that, in the case of El Salvador, it has modified its initial simplistic view of the reasons for the country's troubles and is now also stressing the need for moves towards democracy. But an equally crucial example of the need for political rather than military solutions is provided by Namibia. Here time is moving on. And time is not on the West's side.

Arms embargo

On Friday the United Nations General Assembly overwhelmingly endorsed African demands for sanctions against South Africa. The move was in response to South Africa's sabotaging in January of a UN plan to give the territory independence and elections and to bring the guerrilla war to an end. Only the UN Security Council can impose mandatory sanctions but in April the issue may come before the council twice. There is to be a follow up to tha General Assembly vote. There is also to be a debate on the implementation of the arms embargo which the council imposed on South Africa four years ago.

There is little doubt that several Western countries, in particular Britain and the U.S., will veto any move to extend the range of sanctions against South Africa. But being put in the position of having to use its veto is the last thing the West wants if it is to continue to play its crucial bridging role between South Africa and the rest of the African continent.

The arms sanctions were imposed during the general mood of outrage at the murder of Mr. Steve Biko, the Black Consciousness leader. Many major oil exporters have also introduced their own oil embargo. The current pressure for sanctions, which is backed by Nigeria, the second largest oil supplier of the U.S., is because of the wider range of issues involved in Namibia.

South Africa's professed reasons for rejecting a plan for independence which it had long accepted in principle were that the military provisions were inadequate, that there was no guarantee that democracy would be "maintained" in Namibia after elections, and that the UN was not impartial—a point it set out to underline by showing it was not allowed to take its UN seat during last week's debates.

Three other factors are more crucial to the thinking of Mr. P. W. Botha, the Prime Minister. The first is that Mr. Robert Mugabe's victory in Zimbabwe has reinforced expectations that the guerrilla organisation, SWAPO, the South West Africa People's Organisation, would sweep the board in elections. The second is that Mr. Botha faces a threat from the Right in next month's South African elections. The third is that he expects considerable backing from the Reagan Administration.

Washington has still to formulate its policies. It has chosen to head the African section of the State Department a man with considerable knowledge of the complexities of the area, Mr. Chester Crocker. But President Reagan has raised hopes in Pretoria by emphasising that South Africa "has production of minerals we all must have" and is strategically essential.

Cuban troops

South Africa's raids on Mozambique have brought the Soviet navy into the picture. Its attacks on Angola and support for UNITA, the guerilla movement headed by Mr. Jonas Savimbi, are among the major factors keeping Cuban troops in the country. Angola has done all the West wanted in delivering SWAPO — which is not a communist movement — to the negotiating table. Angola has also ensured that U.S. oil companies continue to operate.

Sanctions did not work in the case of Rhodesia and United Nations staff say that even a total oil embargo could take 30 months to bite. But alternatives will have to be found if the West is to head off the growing pressure and maintain a credible role in black Africa. Lord Carrington, the British Foreign Secretary, emphasised this in his recent talks in Washington. He left the door open for the U.S. to come up with its own initiatives.

The correct approach must be to build on the UN plan on which agreement has often seemed so near. But implementation of the plan will not be achieved without U.S. pressure on Pretoria. President Reagan must be encouraged in this direction.

WORLD BANK CRISIS

The Reagan shock wave

By David Buchan in Washington

THE REAGAN Administration has sent a shock wave through the foundations of the world's biggest development institution with more than 130 member countries.

Mr. Reagan's decision to reduce U.S. contributions to the World Bank, as part of his wide-ranging attack on American public spending, has shaken plans for the Bank's expansion.

The cut have called into question the Bank's moves almost to double its capital, to hive off a separate "mini-bank" to develop new energy sources in hard-pressed developing countries and to free resources to help China, its newest and most populous member.

Above all, they may mean that this summer the Bank will have to stop lending money to the world's poorest naions through its International Development Association (IDA) offshoot.

This may well be the most serious crisis for the Bank since it and its sisted body, the International Monetary Fund, were set up largely under American aegis at Bretton Woods in 1944 and it comes as the Bank's leadership is about to change: Mr. Robert Strange McNamara, the Bank's crusading president for the past 13 years, is preparing to hand over the reins to Mr. Alden Winship "Tom" Clausen, chairman of Bank of America, the world's largest commercial bank.

Far-reaching consequences could conceivably flow from the U.S. actions. The World Bank is proud that it has never had a default and has never had to write off a bad loan, a claim no commercial bank can make. Assassinations, coups and revolutions have come and gone but Third World governments repaid the Bank on the dot.

But, as one senior Bank official notes, there is a delicate balance of responsibilities between donor/creditor and borrower. "If a donor were to violate a commitment with impunity, the response of borrowers could be unpredictable."

If U.S. support for the World Bank is seriously on the wane, some officials can conceive of their institution taking different shape somewhere else than in Washington — perhaps on an axis of Europe, the world's largest trading bloc, and OPEC with the world's biggest financial surpluses.

There is a certain justice in siting the Bank in the U.S. capital and giving the U.S. the *de facto* right to name Bank presidents, but only so long as the U.S. remains the biggest contributor and does not abuse its power.

To some extent, a dilution in U.S. influence is natural and has been in progress for a long time. In the early days, the U.S. provided 50 per cent of the funds for the International Development Association, the part of the Bank which lends to the poorest nations. Now many OPEC countries and others such as Mexico chip in. It may even be unhealthy for an international agency to be to much in hock to one country, as some in the IMF, for instance, feel about plans to borrow large sums from Saudi Arabia.

But the Reagan Administration action has also raised in stark form a more fundamental question: does the Bank as presently constituted and run deserve support? Or do its well-paid bureaucrats waste its money on projects that often frustrate the true cause of development?

If the Bank were a purely commercial enterprise, one could give it a 100 per cent score-card, since all its loans have been fully repaid. But it is not. It has wider goals. Its internal audits claims a high percentage of success, usually over 90 per cent, for its projects.

Mr. McNamara brought with him in 1968 many of the "whizz-kid" management techniques he had used at Ford Motor and the Pentagon. His key lasting achievement was to introduce "country programming."

Instead of waiting passively for countries to come to the Bank with project requests, Mr. McNamara instituted complete programmes for each country, setting out its goals, desirable pace of development and volume of borrowing.

If the Bank's quality control is vastly more sophisticated these days, it needs to be. For its emphasis has shifted away from conventional capital intensive projects—such as power stations, roads and dams including the massive and troubled Tarbela Dam in Pakistan — to agriculture such as rural development in northern Nigeria

Results have been mixed. The rural poor—a particular object of Mr. McNamarra's attention since 1973—have benefited. Farmers, no matter how small their plot of land, have at least some form of livelihood which the Bank can work on to improve.

"The urban poor have largely defied us" says one official. Restless, shifting, they are harder to identify and help.

All too familiar is the sight of hospitals without doctors and schools without teachers. So the Bank has, somewhat reluctantly, been drawn into funding part of the running costs of projects it builds for a few "start-up" years until governments can take over.

Some Reaganites have accused the Bank of promoting socialism. Bank officials willingly plead guilty to the charge of helping income redistribution, but note Governments ultimately choose projects

Bank and IDA loans carry conditions. In the early days these were frankly simplistic and blinkered. A power scheme used to lead the Bank to focus just on the public utility in question. Now it reviews a country's whole energy policy. Of course, one sanction is simply to stop lending, as in the case of Pakistan since 1978.

One major innovation—only a year old is the structural adjustment loan—designed to tide a country over foreign exchange problems while it undertakes basic policy reforms. The mechanism, akin to IMF standby arrangements, is sophisticated, paying out loans in tranches which gives the Bank some continuing influence over policy changes. The programme is still in its infancy—$600-800m this year with perhaps a dozen countries taking $1bn next year. But with the exception of Bolivia since the military took over there, it seems to be working.

Developing countries have the odd public row with the Bank—as did India in January about a consulting contract. They complain they should have more than just one-third of votes on its board and would like to see more of its organisation decentralised, away from Washington. But in general they firmly support the Bank. Some of the richer countries are understandably more ambivalent, and on them hangs the Bank's expansion.

All of this is a sombre backdrop to negotiations due to start next year for a seventh IDA "replenishment" to carry it on to 1986. The poorest countries that cannot obtain commercial-rate World Bank loans can get IDA credits at a tiny interest and repayable over 50 years. The World Bank's latest medium-range forecast — never, admittedly, radiant with hope — estimates that annual real growth per head in oil-importing developing countries will fall to 1.8 per cent in 1980-1985. Still more depressing is the estimate of only 1 per cent annual growth for the 1bn people with annual incomes of less than $220, while for those in sub-Saharan Africa real incomes are likely to fall.

Mr. McNamara's parting wish is to give Bang lending a big push, from $20bn a year by 1985 on present plans to $30bn a year. He has cited four factors for such an increase: higher inflation, structural adjustment loans, energy development in the oil-importing Third World, and the new membership of China and its 1bn relatively poor people.

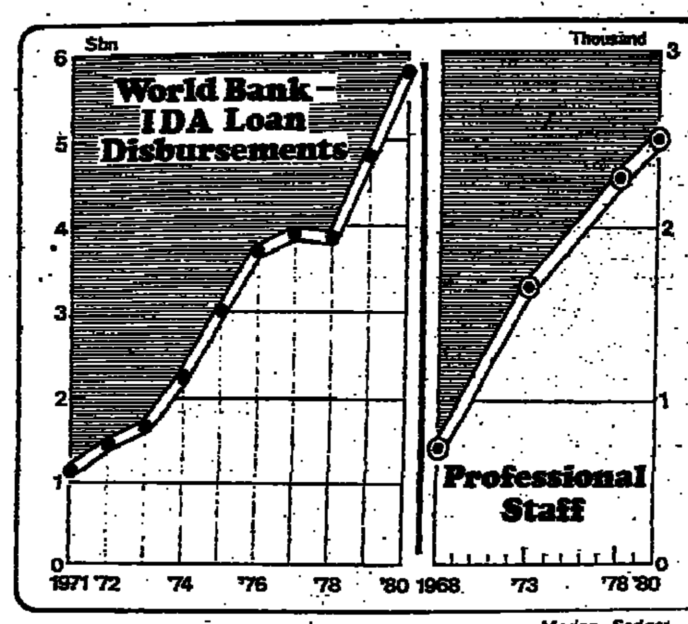
The question Mr. McNamara posed and Mr. Clausen may have to answer is: "Could we increase our borrowings in the private financial markets without imposing additional claims on scarce funds from governments?" Typically, the "can-do" Mr. McNamara offered several possible answers.

Until Mr. Reagan arrived, the most promising seemed to be a new energy affiliate which, according to Bank officials, has attracted European and OPEC support. As well as raising new money, an energy bank could take over $13bn in energy loans at present on the World Bank's books, and thus free resources to lend to China. Financially, it could get off the ground without the U.S., but whether it could politically is another matter.

Another route to the same goal of letting the World Bank borrow more is to let its borrowing exceed its capital. Its very conservative 1:1-ratio contrasts with commercial banks, including Mr. Clausen's own Bank of America which has a 28:1 ratio. Mr. Clausen has this and many other things to ponder as he inherits the McNamara mantle.

Glyn Genin

A candidate for aid?



Marion Sedger

THIRD WORLD FUND-RAISERS

THE WORLD BANK is owned by its member governments. With the backing of its own capital, it borrows on the markets and lends for projects in developing countries, usually for 15-20 years at a fixed interest rate (currently a record 9.6 per cent).

THE INTERNATIONAL DEVELOPMENT ASSOCIATION is a fund, provided by richer governments and administered by the World Bank. The IDA supports the same type of projects as the Bank—the difference is that IDA credits go to the poorest countries with less than $625 income a head and they are repayable over 50 years with only an annual service charge

THE INTERNATIONAL FINANCE CORPORATION is an affiliate of the World Bank, designed specifically to encourage direct investment in, and loans to, the private sector in developing countries.

WHAT REAGAN HAS TOLD THE WORLD BANK

The U.S. President has told the World Bank that:

(1) He will ask Congress for $3.24bn for IDA, the World Bank's soft loan agency, over the next three years. But $1.85bn of that would be in the final year, in violation of the IDA agreement that a country's first-year contribution must be at least 29 per cent of what it plans to contribute over three years. The Reagan contribution this year would be only 17 per cent.

The World Bank hopes to avoid a nightmarish, full-dress re-negotiation of the IDA. But that in practice depends on other industrialised countries, many of whom thought the U.S. got off too lightly in the first place and that the U.S. contribution to IDA (27 per cent) did not fully reflect its weight and wealth in the world economy.

The IDA will amost certainly have to stop lending this summer, until Congress votes 1981-82 and 1982-83 contributions, at the earliest in the autumn. The U.S. has been in arrears on IDA since last summer, a key fact because by long agreement no donor country need stump up on IDA until the U.S. has.

(2) The U.S. will spread its $8bn share of the World Bank's capital increase over six years, 1982-7, even though only a fraction of this (7.5 per cent) need be paid in. The rest does not leave the U.S. Treasury.

(3) The U.S. will not for the time being participate in the proposed new energy affiliate of the World Bank.

"Chapter 99 in a continuing saga," commented one cynic at the World Bank. In 1968, the year Robert McNamara took over, IDA lent no money at all for lack of U.S. support. But the animus in the U.S. against aid in general and multilateral agencies in particular has grown.

The World Bank has a Triple A credit rating in the U.S. Indeed, the Bank last year expanded the number of its New York underwriters before coming to the U.S. markets for "several hundred million" dollars later this year.

If U.S. interest rates continue to decline, the Bank plans to make regular recourse to the U.S. markets in the future, as its borrowing needs grow. Unlike many other Americans, commercial bankers generally regard the World Bank as a good bet. They consider that its paper is sound, and that it is a valuable lending partner in the Third World.

MEN AND MATTERS

Strike, while the kettle's hot

In Whitehall and Westminster the machinary of government hummed and hawed much as usual yesterday in spite of the Civil Service strike.

The Government Hospitality Fund was niftily transferred from Admiralty House to the Savoy — and visiting Danish Industry Minister Erling Jensen given his due reception.

Preparations for today's Budget were not affected. No. 10, Downing Street reported: "We are working at full strength." Russian Ambassador Viktor Popov drove through the picket line to deliver a message from Brezhnev, but two Post Office vans turned back without delivery their mail. And Margaret Thatcher's dry-cleaner said he would call again next week.

Early pickets also lined up outside the Council of Civil Service Unions' own headquarters in Rochester Row, trying to distinguish their officials organising the strike from DoE staff turning up for work in the same building.

Civility was the order of the day. One under-secretary, marching determinedly through the strikers to his office, was abusively heckled as "semanticist, semanticist!"

Over at the Tower of London, doomed-to-be-disappointed tourists were thin on the ground, probably owing more to the blustery rain than to forewarning. Two splendidly clad Beefeaters kept the front gates resolutely shut, though with a less-than-unified purpose, as far as I could established. "Are you on strike?" I halloed through the crack. "I'm on duty" replied one uniformed voice; "Yes we are," contradicted the other. Clarification from the union representatives in the ticket booth was hard to come by. "No comment. No comment at all," rasped the world's best-dressed shop steward, in tones redolent of halberds and deep dungeons.

Money talks

Monte Carlo is famed, in song at least, as the place where banks get broken. So it was perhaps with half an eye to getting their own back that bankers from 27 countries assembled there last week to discuss "global payments systems"—which means, as far as I can establish, getting money in and out of one another's pockets with the maximum of speed and the minimum of effort.

While the British tended to send their middle-management men — the Midland's contingent spent a jolly night in the blush-making Folies Russes — the very biggest wheels rolled up from Germany, France, and other Continental countries.

Conversations tended, as you might imagine, to be of the "shoppy" variety. Eckhart van Hooven, Deutsche Bank's founding father of Eurocheques, regaled his acolytes with the tale of how in Rangoon he had been forced to use a rival's credit card to settle a hotel bill, a transfer of allegiance which might equate with your or my committing adultery.

Dee Ward Hock, high priest of the Visa sect, wowed the crowd with philosophy. Holding high a $100 bill, he pronounced it "a worthless scrap of paper, a bit of alpha-numeric data." The future, he proclaimed, lay in "exchange of value" by electronic impulses.

That sort of future could not have come quickly enough for an American Express vice-president who was brave enough to attempt paying his hotel bar bill with his house-brand travellers' cheques. "This is like cash," he explained desperately to the unyielding waiter. "Okay, okay," he finally conceded, "I'll give you the real thing."

Fleming row

With a chastening example of how a proffered olive branch can turn into a sword, the two leading newspapers in Belgium have ust revealed that their country is peopled almost entirely by "fanatics."

It all began as a move to analyse and defuse the "language war" in which the francophone Walloon half of the country is deeply at odds with the Dutch-speaking Flemish community. Brussels' French-language evening paper Le Soir and Antwerp's De Standard jointly comissioned an opinion poll to examine the mutual suspicions harboured by each community.

They may well have got more than they bargained for, as the poll has established that each side believes the other to be fanatically prejudiced.

Le Soir's splash headline, touching the raw nerve of the financial squabbles between the two comunities, could alone provoke fresh political trouble. A majority of Flemings polled, it said, were against pooling resources to help bail out economically-stricken Wallonia.

And in what seemed a sorry assessment of future prospects in the divided country, the survey demonstrated that neither community wants to know about the other, still less move to live on the wrong side of the language line.

Spent force

Far from decrying the critical publicity given to the free-spending life of Euro MPs, a group of Italian radicals at Strasbourg has decided that the newspapers have not done enough to alert EEC voters.

Led by Marco Pannella, a sometimes eccentric but ever-devoted parliamentarian, the group plans to take full-page advertisements in one newspaper in each Community country to expose alleged extravagance.

European Parliament President Simone Weil may have ordered a ban on further overseas jaunts pending an economy review but the radicals claim there are many expenses nearer home still worthy of scrutiny.

The eight presidents of Parliament's political groups, says Pannella, travelled an average 270 kilometres in Europe every day last year on parliamentary business at a cost of £1.65m in cars and chauffeurs. And Parliament plans to increase its fleet of 35 cars to 51 this year.

Jamahiriyah tomorrow

Colyonel Maummar Gadaffi, in a rousin gspeech to the masses celebrating the fourth anniversary of the foundation of the Libyan Arab People's Jamahiriyah, offered a two-pronged solution to problems of class-guilt and the local equivalent of the CEGB. The state JANA news service reports his exhortation that "domestic servants are a black mark against Libya's State of the masses and they should now quit their jobs and take over public utility companies.

Observer

Joe Rogaly argues the case for proportional representation on the day of the Budget

What if the majority elected Parliament...

TODAY'S Budget would be different if we had proportional representation. For one thing, it would necessarily carry the support of representatives elected by a majority of the adult population; for another, the quality of those representatives would probably be better.

In fact, the Budget Sir Geoffrey will outline this afternoon will be backed by a Conservative Party that in 1979 attracted the votes of no more than a third of the electorate, counting stay-at-homes. (Even if you count only those who voted, a majority—56 per cent—supported the Labour, Liberal, or nationalist parties rather than the Tories).

This minority backing is in itself uncertain. By no means all the victorious Conservative candidates in the 1979 election were hard-line monetarists, yet the voters had little chance to choose between wet Tories and dry ones. The only true contests in that election took place in about 180 marginal constituencies; in the 450 or so safe seats the outcome was pretty well a foregone conclusion.

Even in the marginals the process was often a gamble. For example, Labour won Bristol South East with only 45 per cent of the votes cast; the Tories won Argyll on a mere 37 per cent vote. These nonsense results — and there are many other examples — help to explain why some people who might make excellent legislators or Ministers prefer to keep out of politics altogether.

The argument so far lies at the heart of any debate about change to a new, proportional, system of representation. Those who oppose change, or are stand-offish, often say that when you come right down to it the important matter is the content of our politics, not the form in which the votes are cast. Get the right politicians to propound and carry out the right policies, this assertion runs, and all else will follow. Fail to do so, and it would not matter if votes were split to an infinity of fairness by a million angels dancing on a thousand pins.

History replies. In the run-up to the 1979 election Mrs. Margaret Thatcher was well aware that her only chance of propagating her great experiment lay in a smashing "victory" on the first-past-the-post system. She could hope to win a majority of seats in Parliament, because enough voters in the marginals would be so unhappy about Labour's performance that they would stay away or cross over. She could not hope to convert a majority of the voters in the country as a whole to her way of thinking, as the results indicate. Indeed, she took office as the head of a Conservative Government with the lowest share of votes in its favour of any Tory administration since the war.

If the 1979 election had been fought on the principles of proportional representation, the outcome might have been quite different. Assuming the votes to have been cast in the proportions actually recorded that year, the Liberals would have been enticed into a coalition by either the Conservatives or, more likely, Labour plus some Nationalists.

Mrs. Thatcher could not then have launched her experiment, but it is at least possible that policies preferred by monetarists (Mr. Healey's?) might have been more successfully applied. This speculation is of little consequence: the important point is that a different system of voting would, beyond argument, have led to a more widely supported set of policies.

Mrs. Thatcher: only chance was a smashing "victory"; Mr. Foot: the choice makes the search for a third option desperate.

This is not to say that the policies would necessarily be better, although given a choice between the failure of the Tories to control public expenditure and the likely propensity of a Foot-led Labour Government to increase it, the search for a third option verges on the desperate. The essence of the matter is that on the present system we are unlikely to break out of the pattern of alternating parties of poor government taking control in Downing Street; a proportional system would provide a chance that we might do so.

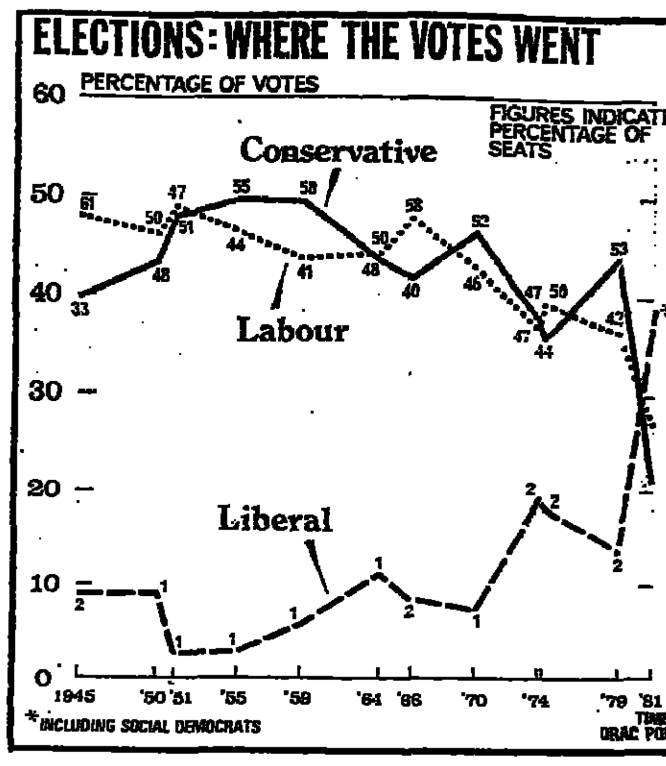
Until the recent arrival of the new Council for Social Democracy the prospect for such a change seemed forlorn. Leaders of the major parties will not willingly accept PR, for it would deprive them of their chance of taking it in turn to have total control over Parliament. Faced with a choice of PR plus office, or no office at all, one or other of the two largest parties might be persuaded.

It is at this point that some of the lesser arguments against PR should be rehearsed. The most piffling is that our first-past-the-post system is traditional. Not so. The development of parties and universal suffrage has taken place gradually over the past century and a half. The voting system, which formerly had two- and three-member seats for Parliament, has evolved accordingly.

A more weighty counter-argument, although also a chestnut, is that proportional representation will lead to the emergence of a great many splinter parties. Politics will be Balkanised and consequently impossible. This argument has particular force for those whose knowledge of the 20th-century world ends at 1939: in fact Ireland and West Germany both have proportional systems and both have only three parties. Britain has first-past-the-post and nine parties in Parliament.

Well then, it is said, proportional representation would put more power in the hands of party bosses to say who would be on the lists of candidates. This depends on your mechanism, pre-war list systems, and some contemporary ones (like Italy's), do have this deffect; others, like Ireland's actually combine a mini-primary and an election in one operation, so that the voter directly chooses the candidate he or she wishes to represent the preferred party.

It is argued with perhaps greater effect that PR dissociates representatives from their constituencies. The member for Bury and Radcliffe may have won only 45 per cent of the votes in 1979, but at least there is no doubt who represents the constituency. Again, it depends on your system. One that has been proposed for Britain (a derivation of the West German system) has three-quarters of the MPs representing single constituencies as at present, with the other quarter topping up to give parties proportional shares of Parliamentary seats. Irish MPs, elected in multi-member constituencies, are demonstrably more attuned to local—even ward—affairs than their English counterparts.



This distinction between systems is of some importance: Weimar Germany's did not work, and modern Italy's is undesirable (although it is arguable that if Italy had the British system today the Italian Communist Party might come to office as frequently as does the British Labour Party, with about the same degree of support). But the distinction sometimes has the effect of setting proponents of electoral reform against one another — to the advantage of none save the beneficiaries of the two-party pendulum.

The interested non-specialist need be concerned only with the broad differences between three types of system. The first, and oldest, gives each party a national or regional list. Candidates from the list are selected for Parliament in proportion to the shares of votes won by their parties. This is the least desirable for Britain, since it is most likely to enhance party power. The second, West German, system, gives a first "constituency" vote as now and a second topping-up vote to ensure proportionality. Many see it as a suitable mix between first-past-the-post and party lists—just right for Britain.

My own preference is for the single transferable vote, which lists a number of candidates in three, four, or five-member constituencies and asks the voter t oselect in order of preference. One could choose, say, an "inside Left" Labour candidate before an "outside Left" one, or a Tory hard-liner before a Liberal in Tory disguise. The Irish manage this with great skill; we would have the best chance to choose the best politicians if we tried it. But any proportional system, even one based on party lists, would give the chance of more genuinely representative government

This leaves the counter-argument with perhaps the greatest force. It is this: all you would get would be the Liberals wielding disproportionate power, as the Free Democrats do in West Germany. The first answer is that West Germany has not done too badly under its system of Government; the second is that the Liberals (or the Social Democrats, or both) would have no power at all unless, in combination with representatives of another party, they won sufficient support from the electorate.

But that said, supporters of electoral reform cannot dodge the issue. A change in system does mean a change from the alternation of "elected dictatorships" to a politics of compromise at the centre—unless there is an unprecedented upsurge of extremism among the voters. In the absence of such an upsurge, there is no justification for idosyncratically ideological parties taking power: the normal democratic process of consultation and debate, in the open and among open coalitions, must by definition be preferable. This is not so much the "wholly centre" as the broad common ground on which a majority of the people stand, even if within that majority there are differences of view.

A Budget based on such support would have a chance of changing the course of the economy in a manner that might stick. We will not get such a Budget today.

Letters to the Editor

The nation's choice

From Professor R. Brech.

Sir,—I regret that the Leeds University economists (March 3) have failed to understand the real choice confronting this nation.

It is not between inflation or unemployment now. Both are social evils, creating economic waste and thereby reducing the welfare of mankind.

The choice is between: either correcting the imbalance in the British economy now (involving approximately 3.2m unemployed by the end of the year) so as to make the production and manufacturing base genuinely internationally competitive, and thereby protect the nation's future employment potential; or continuing as we have been up to 1979, so that the production and manufacturing base is eroded by imports, creating 6m-7m long-term unemployed in the 1990s.

I would have thought that most people would prefer to suffer the corrective phase of the long-term business cycle now, rather than leave it to our children to cope with.

(Professor) R. J. Brech.
The Guild House,
32, Worple Road,
Wimbledon, SW19.

What companies want

From the Manager, Exports, Sivers.

Sir, — I congratulate you for your outspoken views in your editorial (March 7) "A challenge to the Chancellor."

As an exporting company struggling with the odds of high interest rates and strong pound heavily stacked against us, we would like to see a significant drop in the minimum lending rate today. Also we hope that some form of relief to exporters (eg, export rebate) is in the offing in the near future, if not immediately.

The private sector will certainly have respect for a Government which is ready to adopt a more flexible approach to the policy instead of condemning it for the one adopted earlier. Small businesses will now back the Government if MLR is really reduced to at least 12 per cent, if not 10 per cent, though these businesses have virtually been crucified during the past 18 months.

We would like to see a very courageous Chancellor who is willing to admit his past failures — which, were, of course, experimental — and at the same time we are not ungrateful for his successes in other sectors, such as inflation, which has been brought under control.

Janet Wilkins.
Sivers,
, High Street, Slough, Berks.

Danger of collapse

From Mr. J. Hoffmann.

Sir,—Each Thursday it is with frustration that I finish the article of Mr. Samuel Brittan. He seems to me to epitomise the sort of ineffectual, unrealistic thinking of so many of our economic commentators. His consideration of the hopelessly impractical ideas of Professor Meade March 5 ilustrates the point. Mr. Brittan is never so happy as when he devotes an article to "massaging" somebody elses economic statistics. A satisfying intellectual exercise no doubt but seldom has it any relevance to reality. A jolly numbers game that is fun to play.

But what is reality? The sole source of inflation is Government policy. It is the master of our currency. It is certainly neither the unions nor capitalist employers. Their natural response in the face of a depreciating currency is to increase wage demands and prices. Commonsense ensures that they do their utmost to maintain their powers through organised grouping of either close knit unions or multi-national corporations.

Western world Governments have, to varying degrees, played the growth game over the last 20 years through inflating their currencies producing wide malinvestment that is now resulting in unemployment and declining trade. Indexation, "fine tuning," monetarism, demand or supply management produce no answers. Indeed there will be no resolution of the present world economic decline until, among other things, political controls are removed over prices, wages, profits, rents and interest rates.

Such a policy is of course politically impossible now. It will require a financial collapse to bring about conditions whereby a system can be organised based on sound money, balanced budgets and vastly less interference by Government in economic management.

The danger of such a collapse increases year by year. Worldwide production is falling, unemployment is rising and inflation continues inexorably.

Does anyone seriously believe that Poland, Brazil or Turkey together with a string of developing countries are ever going to repay their present debts when many are today borrowing just to pay the interest on those debts? Bank and corporate liquidity is severely strained added to which worldwide record interest rates maintain relentless pressure. The tinder is very dry and there are plenty of sparks about!

J. F. Hoffmann.
The Old Vicarage,
1, Church Street,
Eccleshall, Staffs.

Free market precluded

From Mr. T. Crowter.

Sir,—How stimulating it was to see Professor Meade's economic ideas given an airing in last Thursday's Financial Times. It is so refreshing to see such an original approach to some of the fundamental difficulties facing us, that details of implementation seem very much a secondary issue.

It has for some time seemed to me that one of the most crucial bottlenecks in our wage and price structure is, quite simply, the power of organisations to exercise near-monopoly control over large sections of the labour market. In days gone by this was held by business interests with dire social consequences, whereas today it is, by and large, the trade unions who hold this power. This situation completely precludes a "free market" economy and is a large part of the reason why the policies of the Government have not so far met with much success.

Perhaps Professor Meade's pay commision system provides a hope of arriving at the right balance between employers and unions (although it would be nice to have the ideas without further central bureaucracy). If we can incorporate these ideas into a system in which businesses are no longer afraid to take on employees for fear of the difficulties and expense involved in terminating employment, hopefully we shall again be on the road towards a dynamic and efficient economy as well as full employment.

Trevor Crowter.
31 Brighton Road,
Horley, Surrey.

Over-reliance on theory

From the Managing Director, Soag Machinery

Sir,—Your leading article "The Strategy under attack" (March 6), exposes the danger of over-reliance on theory and the inconsistency of purpose generated by narrow self-interest, whether political or commercial.

The Confederation of British Industry, presiding over members whose earnings have increased by more than 300 per cent in the past 10 years but whose productivity has improved by only 15 per cent, performs a U-turn rush for help (interference?) from the Government as soon as policies it previously supported actually start to work. The Treasury committee apparently offers nothing really constructive out of a wealth of detailed hindsight criticism it has compiled over the past year.

Is anyone prepared to come out from the refuge of dogma and debate into the real world of leading a nation?

All the Government has done is to remove some of the fragile protection which has been shielding us from the worst effects of a weak declining economy, in the hope that the resultant harsher climate will bring out survival instincts and thus improve performance—something which exhortation alone will not achieve.

Unfortunately, governments seem congenitally incapable of taking people into their confidence. The present Administration has largely failed to put its aims and policies across. And therein probably lies the greatest danger.

Unless the Government is seen to be consistent in its aims, flexible in the formulation of its policies, and practical in their implimentation, it will carry no authority and its attempt to influence attitudes and expectations, in order to change the course of the economy, will be doomed to failure.

We have seen business reduced to a trickle. We deal with a manufacturing industry which has heavily curtailed essential investment, while consumer spending still continues unabated. My colleagues and I are prepared to take a long-term view. I only hope we are not joining those living on false expectations.

P. Flatter.
Transport Avenue Industrial Estate,
Great West Road, Brentford.

Increasing employment

From Mr. L. Crystal.

Sir,—You have published a numbers of letters from correspondents on economic policy and unemployment and related subjects, notably from Mr. J. Sim on February 21, Professors, Surrey, Gwilliam and Allen, and others (March 3) and Mr. O. Smedley (March 4). It is instructive to note that the economists seem unwilling to propose methods by which the current level of unemployment could be reduced and which, at the same time, would meet the present Government's policies of containing and reducing inflation.

Any proposed solution, to be effective, must be implemented almost overnight and be enforceable either by law or by social pressures. We should, therefore, look at systems of work which are already operating in a number of industries, and which, if applied nationwide, would directly increase employment and help to get the solution we all seek.

The first thing we should do is to change the five day week syndrome to a nine day fortnight in so far as individuals are concerned, but insist that industry and commerce operate a 24-hour day, 14 day fortnight.

In many service industries, it is the practice for personnel to work a rotating shift system by which each individual contributes some proportion of the total time available, typified, for example, by 11 days on and three off in 14 days, and a rotating shift per day which can be early, late or all night. Whatever the system, the result is that the services and industry operate all the time, whereas the individual does not.

The new system would be implemented by simply declaring that all offices, industries and services shall operate not less than 12 days in each fortnight, with a minimum 15-hour day, but that no individual shall, within the same 14 days, work more than nine days, and that in no day shall he work more than ten hours. Wages and salaries can be adjusted to give present levels of take-home pay, but the resulting improvement in productivity and service, with reduction in overheads, will enable this to be done without vastly changing the cost per man-hour to the individual firm.

Additional benefits from such a change in work practice, in terms of personnel motivation, would accrue because the present division within society of those who work "social" and those who work "unsocial" hours will cease to exist; we shall all be doing some work at "unsocial" hours, or rather working at times which we are not used to so doing at the moment. The leisure and service industries will benefit because people will have leisure time during the week for activities which are presently crowded into one or two days at the weekend, when most services are at present closed. It should be a prerequisite that Government and local staffs, including those in Ministries and town halls, should also work to the new system.

Once the system is working, it will be easy to reduce working hours for an individual without reducing either overall productivity or the time during which a service from a particular concern can be obtained.

Nationally, by changing our work practices, we would become ready to benefit from the real wealth which we need to generate, and which, once generated, can only result in us being allowed more paid leisure time as opposed to paid unemployment.

May I conclude by suggesting that, like metrication, the Government announces a particular day which will become National Enterprise Day, when this new system would start; perhaps May 1—after all, it is Labour Day!

L. Crystal.
Seltrust Engineering,
Fleet House,
57-61, Clerkenwell Road, EC1.

Today's Events

GENERAL

UK: Budget Day.

Financial Times two-day conference opens on Tomorrow's Technology—Society's Master or Servant? Speakers include Sir Richard O'Brien, Manpower Services Commission chairman, and Mr. Edmund Dell, Guinness Peat Group chief executive, Gloucester.

Sir John Hill, UK Atomic Energy Authority chairman, speaks in Glasgow.

Royal Agricultural Society conference "CAP under pressure," Kenilworth.

Institution of Professional Civil Servants statement on pay claim.

Cardinal Basil Hume is guest of honour at Board of Deputies of British Jews reception, London.

Overseas: President Ronald Reagan starts two-day meeting with Mr. Pierre Trudeau, Canadian Prime Minister; addresses joint session of both Houses of Canadian Parliament, Ottawa.

Supplementary Budget presented to Congress, Washington.

Final day of European Central bankers meeting, Basle.

European Parliament debates the problems of the disabled, Strasbourg.

PARLIAMENTARY BUSINESS

House of Commons: Budget statement. Motion on Local Government, Planning and Land (NI) Order. Opposed private business.

House of Lords: Wildlife and Countryside Bill, report. Carriage by Air Acts (Application of Provisions) (Third Amendment) Order.

OFFICIAL STATISTICS

February provisional wholesale price index numbers. January final retail sales. Hire purchase and other instalment credit business for January. UK banks' eligible liabilities, reserve assets, reserve ratios and special deposits for mid-February. London clearing banks' monthly statement for mid-February. Fourth quarter construction output figures.

COMPANY MEETINGS

Brooke Tool Engineering, Great Eastern Hotel, Liverpool Street, EC, 2.30. Countryside Properties, Winchester House, 77 London Wall, EC, 11. Eastern International Investment Trust, 1 Berkeley Street, W, 10. Investors Capital Trust, 9 Charlotte Square, Edinburgh, 12.30. United Scientific, The White House Hotel, Albany Street, NW, 12.

Parker Knoll falls but holds payout

FOLLOWING a downturn in sales from £15.24m to £13.29m profits of Parker Knoll slumped in the half-year to January 31, 1981, the pre-tax figure emerging at £1.18m, compared with £2.06m.

However, the company is maintaining its interim dividend at 2.5p net—last year a final of 4.5p was paid from taxable profits of £3.63m.

Mr. M. H. Jourdan, the chairman, who predicted a fall in profits last November, says the group is weathering the recession well, the investment programme in all divisions is continuing normally and the balance sheet remains strong.

Although he is unwilling to forecast the likely profit for the year, the chairman remains confident about prospects for the group.

The surplus for the half year included interest receivable of £96,000 (£110,000) but was subject to tax of £531,000 (£925,000).

Stated earnings per 25p share were lower at 8.9p, against 15.5p.

On a CCA basis the pre-tax profit shows a reduction from £1.6m to £1.05m.

Commenting on the first six months Mr. Jourdan says the furniture division worked short time for the whole period, yet remained profitable without the need for redundancies. He says this was achieved by a rigorous control of overheads and the maintenance of gross margins.

In January orders received improved substantially and the division has now resumed full-time working—although there is still no clear indication of a permanent indication in demand.

Profit in textile division was lower. However, the chairman says margins remain intact and stocks and forward commitments are being held to sensible levels.

A positive and vigorous marketing policy for the Parkertex range is expected to lift sales in the spring.

Exports of G. P. and J. Baker remain difficult but home sales have held up well. Mercia Weavers started the year with a full order book, but demand for carpets fell away in December and this resulted in only a nominal profit.

K. Raymakers increased sales in real terms, but at the expense of margins which were forced down by competition from European weaving mills who continued to benefit from the strength of sterling. Profit was lower and it will take time to rebuild margins when demand improves, the chairman adds.

● comment

Parker Knoll's response to the recession has been to maintain sales of curtain velvet at the expense of margins and to maintain margins on furniture and fabrics at the expense of sales. A sharp reduction in profit all around was unavoidable but at least it has been absorbed without disrupting group finances or employment. The furniture side, where profit may be down by about 75 per cent, accounts for almost all of the 13 per cent drop in group sales. On the other hand, the highly capital intensive Raymakers weaving operation has actually increased sales although selling prices are off about 7 per cent and profit down by more than a quarter. No improvement is likely for the remainder of the year but the group is still in a net cash position and the dividend is safe. The "A" shares yield 9.3 per cent and the prospective fully taxed p/e of about 8, assuming around £2m in pre-tax profit for the year, seems to understate the recovery potential next year.

HIGHLIGHTS

Lex looks at the financial markets ahead of today's Budget and then moves on to consider the results of two finance houses, Mercantile Credit and Forward Trust. In the food sector the column considers the state of play in S. and W. Berisford's bid for British Sugar in the light of yesterday's Berisford annual meeting and Robertson Foods' defence document against the Avana bid. Lex also considers the latest figures from Novo. Results from Neil and Spencer, showing a sharp turnround into the red, precipitated a fall of a fifth in the shares yesterday.

Marginal rise by S. A. Brain

PRE-TAX PROFIT of brewer S. A. Brain and Company increased marginally from £1.97m to £2.17m for the year to September 30, 1980, on turnover up from £15.1m to £16.81m.

Tax for the year increased to £800,000 (£600,000), and stated earnings per share dipped to 88.2p (95.37p). The dividend for the year rose from 20p to 23p per £1 share. On a current cost basis pre-tax profit for the year stood at £1.64m (£1.48m).

Mr. W. E. Rhys, the chairman, says in his annual statement that he cannot be omptimistic over future trade, although there is some hope that the company may be able to increase its share of the beer sale in a declining market.

CYSTIC FIBROSIS RSCH. INV. TRUST

The subscription list for the Cystic Fibrosis Research Investment Trust has closed with a total of 321 applications for 694,900 ordinary shares.

As announced, applications for 260,000 shares will be allotted in full. With regard to the balance, those applying for up to 1,100 shares will also receive a full allotment. Those applying for 1,500 shares will receive 1,200 applications for 2,000 will get 1,300, applications for between 2,500 and 4,000 are allotted 60 per cent, between 5,000 and 12,500 are allotted 50 per cent and above 12,500 are allotted 33 per cent.

A total of 32 applications have been received for £57,450 of the £280,000 in 5 per cent debenture stock 1986. Applications will be allotted in full and the underwriters have been called upon to subscribe for the balance.

Forward Trust in red on CCA

WITH money costs and default levels both moving unfavourably, Forward Trust Group, a subsidiary of Midland Bank, reports lower pre-tax profits for 1980. The figures declined from £31.2m to £25.6m, and Mr. John Harris, the chief executive, says it was a year in which sustaining real new growth proved difficult.

However, the historical pre-tax profit becomes a loss of £4.7m (£3.9m profit) on a CCA basis.

There was a noticeable reduction in demand from industry for its traditional instalment credit facilities, reflecting the lower level of capital investment by companies. Industrial business accounts for over 80 per cent of the company's outstandings, and remains the most important source of new business.

He says new leasing business held up well, and in the personal sector resources have been reorganised by the formation of a separate consumer division to maintain its market position in face of increased competition.

It is likely that there will be a good deal of movement in interest rates during the course of the year, he adds, and the economic climate is difficult to predict.

Group trading profits were down from £30.5m to £24.4m. Share of profits of associates was £1.2m against £700,000 Tax rose from £21.1m to £32.5m and after minorities of £100,000 (same), attributable profit came out at £58m (£52.2m).

After transferring £44.7m (£37.4m) to special reserve and paying dividends of £7.5m (£9m) to the parent company, there was an increase in reserves of £5.8m (same).

During the year the integration of the activities of Forward Trust, Midland Montagu Leasing and Griffin Factors was all but completed with the establishment of the group's executive in new City of London headquarters last October.

The financial year ends of Midland Montagu Leasing (UK) and Griffin Factors have been changed from March 31 and October 31 respectively to December 31. The effect of this change was to increase 1980 group profit by £3.1m.

Deferred tax of £44.7m (£37.4m) was released, and a special reserve continues to be maintained. Shareholders' funds at the year-end stood at £243m compared with £193m at December, 1979, of which the special reserve for deferred tax represents £179m (£134m).

See Lex

Mercantile Credit at £38m

MERCANTILE CREDIT, the finance house subsidiary of Barclays Bank group, increased its profits before tax last year from £36.88m to £38m. Taxation relief, which derives from the company's leasing operations, left net profits 25.8 per cent higher at £112.94m.

The company retained a provision of 25 per cent of its potential tax liability and reported a tax credit of £76.1m (£53.69m). The previous year's pre-tax figure was reached after an exceptional credit of £1.9m

Mr. Douglas Horner, the chairman, said that the company had managed to "achieve real growth in good quality new business — particularly in the industrial sector, and specifically in leasing." In addition, he said the removal of the corset enabled the company to improve the balance of its Treasury portfolio and limit the effect of high money costs.

The company's total receivables topped £2bn for the first time while borrowings increased from £819m to £1.2bn and customers' and other accounts rose from £681m to £812m. Assets on hire or lease jumped from £579m to £1bn.

Mr. Horner said that the drop in demand for consumer finance last year made progress on that front extraordinarily hard, while caravan, marine, motor and home improvement trades were all affected by the recession.

The French vehicle contract hire operations again incurred unacceptable losses and it is anticipated that, for the company as a whole, the current difficult environment will continue for much of 1981.

Dividends took £18m (£15m), leaving retained earnings of £94.9m (£78.4m).

WHITLEY BAY

Wise Speke and Co. has acquired 395 shares at 300p on behalf of Mr. and Mrs. Claude Cooper in the market.

Berisford maintains interest in Brit. Sugar

SHAREHOLDERS OF S. and W. Berisford were told yesterday by Mr. Ephraim Margulies, Berisford's chairman, that the group intends to renew its bid for British Sugar providing the conclusions of a Monopolies and Mergers Commission report is favourable.

Speaking at the annual general meeting of the merchanting and commodity trading group, Mr. Margulies told shareholders that "until we know whether we are to be allowed to proceed with a further bid, other opportunities are lost, and our plans for the future growth of the business are in a state of suspense.

"If the outcome is favourable, we may, all conditions being right, renew our bid for British Sugar, which we consider to be a natural and logical extension of our activities in the food sector.

"If we are notallowed to proceed, we have the consolation of a material profit on our existing investment, which is showing a useful return."

Berisford holds a near 10 per cent stake in British Sugar.

Last wek the Monopolies and Mergers Commission report into a planned bid by Berisford for British Sugar, the UK's biggest sugar merchant, was passed to Mr. John Biffen, the Trade Secretary.

On the group's current trading Mr. Margulies said that "the present cost of money, the value of sterling on world markets, and the depth of the recession both here and overseas, has had its effect on all our activities, particularly those divisions and companies involved in manufacturing and processing.

"So far this year, hardest hit has been the secondary metals division, where the steep fall in output in much of the UK engineering sector has caused both a severe drop in the volume of available raw materials for processing, and a much lower demand for their manufactured products, particularly secondary aluminium.

"Elsewhere in the manufacturing and processing sector, the picture is patchy."

He explained that much remedial action is being taken and all companies in the group are taking "positive and effective steps to slim down their overhead budgets and raise operating efficiencies.

"The commodities division, which for many years has been the most important profit earner, is presently trading in less favourable conditions than it has experienced for some years.

George Scholes cuts interim by a third as profits plunge

A SEVERE drop in pre-tax profits is reported by George H. Scholes and Co., electrical engineer and manufacturer of electrical products, for the half-year to December 31, 1980. The interim dividend is cut by 2p to 4p net.

The six-month figures show profits down from £1.03m to £390,000, and a fall from £7.28m to £6.72m in turnover.

Trading profits were £415,000 compared with £1.04m, and after a reduced tax charge of £177,000 (£380,000), stated earnings per 25p share are substantially lower at 5p (15.1p).

Last year's pre-tax profits were £2.48m (£1.83m) and a final dividend of 12.52p was paid.

Mr. G. R. C. McDowell, the chairman, commenting on the first half figures, says the effect of a deepening depression coming at a time when the company was increasing expenditure on product diversification and expansion in home and overseas markets, has adversely affected profitability as capital investment in new tooling, plant, machinery and general expenses has not yet been recovered.

He says streamlining took place in the autumn with a 10 per cent reduction in the labour force, and the company is now in a better position to meet market needs when more favourable trading conditions return.

£1m loss in second half for Neil and Spencer

LOSSES OF £1m in the second half, compared with profits of £1.02m have resulted in Neil and Spencer Holdings incurring a deficit of £264,000 overall for the year to November 30, 1980. There was a pre-tax profit of £1.74m in the previous year. The final dividend is cut from 2.1p to 0.7p for a total of 2.1p (adjusted 3.5p).

The loss was after interest charges substantially higher at £925,000 (£437,000), and exceptional items of £196,000 (nil)—comprising reorganisation expenses, expenses of litigation to protect trade name, and prior year adjustments.

There was a tax credit of £304,000 (£668,000 debit) and after minorities of £32,000 (£57,000), stated earnings per 10p share stood at a nominal 0.1p (10.3p).

In the previous annual report, the former chairman Mr. J. Boex forecast sales in the region of £30m. They were £27.45m (£21.86m excluding Westair-Hargreave).

Mr. Stephen Proctor, the new chairman, says the year's results were seriously affected by the rising value of sterling, high interest rates and by substantial capital equipment cuts by Government and local authorities.

Although the results for the second half were disappointing, he says the board considers that the strengthened prospects for the company justify the payment of a final dividend.

Since the end of the year, Westair, which was acquired in December 1979, has received contracts worth £1m to supply filtration and air conditioning equipment to the Australian, British and Jordanian armies.

Neil and Spencer is a holding company with interests in manufacturing, selling and servicing of dry cleaning, laundry and textile machinery.

● comment

Neil & Spencer has been badly hurt in the second half by adverse sterling parities and a sharp drop in orders. It lost £1m pre-tax between May and November last year after static first half profits of £736,000 and, although it draws a modicum of comfort from easier curency rates and seems confident of holding (or reducing) its cost base, there is clearly much to be recovered before the interim dividend decision in July. It has been particularly galling, for example, to find overseas competition encroaching into public services sale even if Government customers account for only a fifth of total turnover. Westair has made most, if not all, of the overall sales improvement and is now picking up useful defence orders whose benefit will start showing through in the second half this year. The outlook for the laundry and dry cleaning divisions does not look much better than mixed but, despite a 14p fall to a new 12 month low of 44p, the shares still yield just 6.9 per cent after the 40 per cent dividend cut which is presumably looking for a decisive cut in net debt of £3.9m and a quick return to healthier trading conditions.

R. Green Properties lower at six months

ALTHOUGH NET rental income improved from £303,000 to £322,000 for the six months to December 31, 1980, lower profits from property sales resulted in R. Green Properties showing a fall in pre-tax profits from £742,000 to £508,000.

However, the directors anticipate a much improved second-half performance leading to a satisfactory year's total, although this is unlikely to exceed the previous year's record figures—1979-80 pre-tax profits were £1.14m.

First-half turnover dropped from £2.17m to £1.88m. Net rental income was after charging debenture interest, while property sales' profits—down from £525,000 to £282,000—were after interest and short and medium-term borrowings and included non-distributable profit of £22,000 (£102,000).

Despite lower earnings per 10p share of 2.42p, against 3.35p, the interim dividend is being maintained at 0.7p net—last year's total payment was 2.2p.

Expenses for the period rose by £10,000 to £96,000. Tax took £213,000, against £334,000 which included deferred tax, and after a transfer to capital reserve, available profits came out at £280,000, compared with £337,000. The interim dividend again absorbs £85,000.

Marinex unveils new U.S. offshoot

Marinex Petroleum, the UK exploration company, yesterday unveiled a new American subsidiary with an initial capital of $5.5m (£2.44m). The U.S. company has entered into a series of joint ventures for exploration and production in Kansas, Oklahoma, Texas and Louisiana.

These commitments have cost Marinex (USA) around £2.5m of the initial capital and will result in drilling stakes in 75 wells during 1981.

Marinex has also agreed to pay 16 per cent of the drilling costs of two exploratory wells off the coast of Spain in the Bay of Biscay. These licenses cover 245,000 acres and will cost around £700,000.

SHARE STAKE

Raine Engineering Industries Chairman Mr. M. H. Taylor has made a gift of 50,000 shares to his children, as has his wife.

SPAIN

March 6	Price %	+ or −
Banco Bilbao	283	+3
Banco Central	320	
Banco Exterior	258	−2
Banco Hispano	267	+3
Banco Ind. Cat.	126	
Banco Madrid	141	
Banco Santander	321	−2
Banco Urquijo	183	−2
Banco Vizcaya	305	
Banco Zaragoza	229	
Dragados	140	+6
Espanola Zinc	74	
Fecsa	57.7	−0.3
Gal. Preciados	32.5	
Hidrola	64.7	−0.3
Iberduero	57.7	+0.7
Petroleos	89	
Petroliber	70	
Sogefisa	89	−2
Telefonica	61	−0.5
Union Elect.	64.5	+0.5

Ladbroke to dismantle City & Provincial Gaming

LADBROKE GROUP has decided to dismantle City and Provincial Gaming Holdings, the company it set up in 1979 to run its casino operations in the hope that this would preserve the licenses. In the event the Gaming Board did not accept that the separate structure of CPGH distanced the casinos sufficiently from the main company and refused to renew the licenses on the London casinos.

It did, however, permit Ladbroke to sell the 11 provincial casinos as going concerns and now that the disposal programme has been largely completed, the Ladbroke board believes CPGH no longer has a relevant function.

Shareholders are being asked to agree to dismantle CPGH at a special meeting on April 2 and to compensate its directors — some of whom transferred without compensation from Ladbroke's—for loss of office.

The move would produce financial savings, by way of overheads and accommodation, of £215,000 a year, Ladbroke's board claims.

More importantly, its surplus funds could go towards reducing Ladbroke's borrowings. The eight casinos already sold, for instance, have produced surpluses of £5.6m pre-tax over book values, and two further casinos, in Liverpool and Manchester, are in the process of being sold for a further £0.5m net gain.

Ladbroke is recommending that shareholders provide £209,000 compensation to the seven members of the board of CPGH. The greater part of this sum is to go to the three directors who transferred from Ladbroke in 1979. Mr. G. L. Spreckley is to get £94,800; Mr. R. C. August £20,000; and Mr. M. A. Surridge £48,985.

The offers represent, on average, twice the annual salaries of the three men. In

Placing by Double Eagle

Canadian oil exploration company Double Eagle said yesterday it had raised C$2.45m (£940,000) by means of a private placement of 350,000 shares at C$7 each. The money, to be used as "general operating capital," came from UK institutional investors.

Shares in Double Eagle moved 15p higher yesterday in London to reach 305p.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
S. W. Farmer	6.1	—	6.1	9.17	9.17
Galliford Brindley ...int.	1.13	April 2	1.13	—	4.63
R. Green Props. ...int.	0.7	April 27	0.7	—	2.2
Merchants Trust	2.4	May 18	2.25	4.15	3.75
Neil & Spencer	0.7	Aug. 5	2.1	2.1	3.5*
Parker Knoll ...int.	2.5	April 17	2.5	—	7
Riverview Rubber ...int.	3‡	April 20	3	—	18§
George H. Scholes ...int.	4	May 13	6	—	18.52

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Malaysian sen throughout. § Includes 6 sen bonus.

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Ginger group fails to oust Goodyield director

THE Malaysian High Court has dismissed an attempt by dissident shareholders to oust the managing director of Goodyield Holdings, the company involved in the purchase of a major stake in Dunlop, for breach of trust.

The shareholders brought their action last November, alleging that Goodyield Holding's interest in Goodyield Plaza, the most profitable member of the group controlled by Mr. Ghafar Baba, a prominent Malaysian politician, had been illegally diluted by improper share issues.

It was Goodyield Plaza which spearheaded the purchase of Dunlop shares building up a "pool" of around 17.5 per cent which is the subject of an interim Department of Trade report.

The shareholders claimed that Mr. Eng Chin Ah, the managing director, breeched the trust given him as a director of Goodyield Holdings through his conduct as a director during this time. Similar claims against four other directors were also made. Mr. Eng was a driving force in Mr. Ghafar's build up of the stake in Dunlop.

After hearing the petition in private, the High Court last Friday dismissed the case with costs saying it was "an abuse of the process of the court."

The petitioners, who hold about 21 per cent of Goodyield Holdings, are appealing against the judgment.

Robertson wins 29% support in fight against Avana bid

BY RAY MAUGHAN

Robertson Foods has won the support of holders of 29.1 per cent of its shares in its defence of the £19.05m all equity bid by Avana Foods.

In its formal defence document, Roberson is forecasting pre-tax profits of £2.4m in the year which ends this month, against £2.55m, but says that profits before tax and extraordinary items would have been higher by at least £800,000 if the transfer of preserve production from the Bristol to the Manchester factory and the reorganisation of production had been completed at March 31, 1980.

Robertson also proposes to round the dividend up from 6.33p to 6.4p per share with a final dividend of 5p net per share.

The document shows that, excluding the group's principal preserve manufacturing subsidiary, profits before interest, exceptional items, tax and extraordinary items have risen at a compound annual rate of 20.7 per cent between 1977 and 1981 which "reflects strong management and a successful diversification and acquisition policy."

Avana shares dropped 2p to 218p, which on the basis that it is offering three of its own shares for every four Robertson shares, values the "Goly" jam group at 163.5p per share against the price in the market yesterday of 156p, down 3p.

Avana's shares, however, are "vulnerable to a downward change in rating," the defence believes, after more than doubling in the last 10 months. The trend is "significantly out of line with the stock market in general and its profits performance." Robertson asserts.

Its key strengths are identified as the "Roberston name itself, the "Golden Shred" and "Silver Shred" brand names, the "Viota" cake mixes and the famous Golly trade mark. The defence claims that the £3m cost of rationalising its four preserve manufacturing units down to the one plant in Manchester became essential to combat the "effects of the decline in the UK preserves market in which James Roberston is the undisputed leader."

Robertson also claims that Avana has no experience of operating a complex national distribution network and Mr. Christopher Robertson, the chairman, suggested yesterday that Avana also has no experience of manufacturing in large plants such as Viota or James Robertson.

Mr. Robertson also said that although interest costs amounted to £1.6m, the group is expected to be "cash positive" in 1981-82 and he expected that the sale of the Bristol site to Tesco for £1.3m (against a book value of £600,000) would be completed when planning permission had been obtained, possibly in the next two or three months.

Trading profits from Viota, the cake mix and cold breakfast producer, had fallen by some 15 per cent from about £1.5m but the comparisons had been swollen by the effects of the Kellogs strike that year. Peny, the French canning operation, had almost doubled its trading profit contribution to some £750,000 after the closure of several competitors. James Robertson had made £1.3m, on a continuing basis but before £1.9m extraordinary costs, against "just less than £1m" in the previous year.

Avana's bid document shows that profits this year are set to climb by £1m pre-tax after employee sharing, to £4.2m which implies a fully taxed p/e of about 22. That rating, Mr. Robertson thought, "is too high-flying for people like us to accept."

The latest date at which the offer can be declared unconditional is April 20.

Stroud Riley clarifies chief's 'bid'

IN THE formal document relating to the "technical bid" by Mr. Stefan Simmonds, the chief executive of Stroud Riley Drummond, for the shares in the company he does not already own, the company states that Mr. Simmonds has no intention of increasing his shareholding further as a result of the full bid.

Arrangements have therefore been made by Astaire and Co., stockbroker, for any shares received as a result of acceptances to be placed with its clients. This is so that a listing can be maintained for the company's shares.

Under the Takeover Rules Mr. Simmonds is obliged to make a full offer to all shareholders following an increase in his stake in the company from 29.8 per cent to 38.9 per cent, which he holds through his private Simco Supermarkets company.

Mr. Simmonds acquired his original stake in November, 1979 from certain directors and their families, and increased it to the present level after taking up an option with Mr. Joseph Selka and members of the Selka family and associates, on a further 9.1 per cent of the shares at 42p each.

Mr. Roy Stroud, the Stroud Riley chairman, says that in considering the offer, which holders are being urged not to accept, they should bear in mind that the board wishes to give every support to Mr. Simmonds, who indicated when joining the board that he wished to acquire a larger holding in the company.

Mr. Stroud says that since Mr. Simmonds' appointment the company has undergone a major restructuring, which has resulted in a better-utilisation of the company's assets.

The directors and their family interests will not be accepting the offer in respect of their holdings amounting to 34.19 per cent.

In urging shareholders not to accept, Mr. Stroud draws their attention to the level of the current share-price (52p unchanged yesterday) and to the net asset value which stood at 60.38p at March 31, 1980. A revaluation of the company's properties has been commissioned and he believes that this will further enhance the asset value.

Anglo still increasing stake in Eva

Through purchases in the stock market yesterday Anglo Indonesian Corporation's holding in Eva Industries has increased to 31.28 per cent. Shareholders acting in concert hold a further 8.87 per cent.

Anglo yesterday purchased 60,000 Eva shares at 40p each; and also bought direct from discretionary clients of Laurence Prust and Co. (who were deemed to be acting in concert with Anglo for the purposes of the offer) a further 50,000 at the same price. These purchases, together with completion of conditional contracts for 237,000 shares, gives Anglo a total of 2,927,166 (31.28 per cent).

Anglo launched a full bid for Eva on January 29 after contracting to acquire a 0.93 per cent stake from BAT Industries at 40p per share. This purchase took the holding up to 30.62 per cent and triggered a general offer under the Takeover Panel rules.

Mr. Roy Astley, chairman of Eva, is urging shareholders to reject the Anglo approach which is well short of net asset value.

'Important issues' raised by Lonrho bid

PROFESSOR ROLAND SMITH, chairman of House of Fraser, the department stores group which owns Harrods, and Mr. W. G. Crossman, group managing director have told shareholders in a letter that the board "can well understand that the Secretary of State for Trade should have decided Lonrho's offer raises important issues" which merit detailed investigation by the Monopolies and Mergers Commission.

"We understand he has instructed the Commission to report within six months," shareholders are told.

"We have described, in some detail, to you the strong position of your company and the plans that we have for the future. We will continue to pursue vigorously, for the benefit of all shareholders, the trading strategy for the 1980s that we have outlined.

"We intend to demonstrate the total inadequacy of Lonrho's bid to acquire control of your company, and we should like to thank the many shareholders who have gone out of their way to give us support and encouragement during the recent months."

Statement on Hornby due today

An announcement is expected to be made today by the Receiver of Hornby Hobbies on the future of this remaining part of the old Dunbee-Combex-Marx toy group which collapsed just over a year ago with debts of £18m.

A statement had been expected yesterday but the Receiver said that consideration of the various bids had taken longer than anticipated. Bids for this profitable manufacturer of the famous Hornby model trains and Scalextric car racing sets have been in the hands of the Receiver since last Thursday.

Leading contenders are thought to be Mr. Richard Beecham the former joint managing director of DCM whose company Tamwade already owns four of the DCM subsidiaries) and the Hornby management itself backed by a consortium of leading financial institutions.

LEIGH OFFER FOR EMPIRE BRICK

Leigh Interests has made an offer for all 17,525 shares issued in Empire Brick and Tile. The offer is to be satisfied by the issue of up to 283,337 Leigh ordinary shares, which, based on a price of 150p per Leigh share, values Empire at £425,000.

The directors of Empire have agreed to accept the offer for their holding, totalling 1,682 shares (about 9.6 per cent), and recommended shareholders to accept. Other shareholders have agreed to accept the offer for their holdings of 8,716 shares (about 49.7 per cent).

SEARS COMPLETES U.S. ACQUISITION

Sears Holdings has completed the acquisition of the Butler Shoe division from Zale Corporation of America.

The purchase consideration of $100m cash is subject to adjustment by reference to the net tangible assets as at February 28, 1981. Profits before tax of Butler amounted to $17m for the year ended March 31, 1980. By reason of the set-back in the U.S. economy, profits are likely to be slightly lower in the current year.

S & P TAKES EXCO STAKE

Unit trusts managed by Save and Prosper have acquired for £2.9m shares and convertible loan stock in Exco Securities (1979), the parent company of the Astley & Pearce and Godsell money broking groups. Upon conversion the unit trusts will hold 11 per cent of Exco.

FFI ACQUISITION

FFI (UK Finance), the fund-raising company, has acquired 100,666 "A" ordinary shares in R. J. Fullwood and Bland. The consideration of £603,996 was satisfied by the issue of £682,465 of 12½ per cent unsecured loan stock 1992 of the company.

TDG makes first move into U.S. with £6.7m acquisition

Transport Development Group is to make its first acquistion in the U.S.: it has agreed to pay $14.55m (£6.67m) for Willig Freight Lines, a California inter-city freight services group.

Last November, TDG made an unsuccessful £21m bid for Giltspur, the UK freight and engineering group at one stage chaired by Sir Maxwell Joseph. The Giltspur board split over the offer and finally sought a merger with Unigate.

TDG's new move will provide it with assets in the U.S. of $12.3m (£5.64m) after deducting $2.9m of deferred tax. Pre-tax profits of Willig, for 1980, were $2.4m (£1.1m).

Willig was established in 1923 and runs nine freight terminals in California, including its main terminal in Los Angeles. It also plans to open a new terminal in Phoenix, Arizona.

TDG already has sizeable overseas subsidiaries in Australia and Europe and has forecast pre-tax profits of not less than £21m for the 1980 year, against £22.26m in 1979 and £12.2m at the half way stage to June 1980.

Three Hawthorn Leslie directors to step down

WHEN THE recommended offer by Starwest Investment Holdings for Hawthorn Leslie becomes unconditional, three of Hawthorn's non-executive directors, Sir Matthew Slattery, Mr. Hugh Conway and chairman Sir Horace Law will retire from the moard. It is proposed that they receive compensation of £10,000 £2,000 and £10,000 respectively.

Mr. Richard Conradi and Mr. Richard Dale will remain on the board of Hawthorn and Mr. Gordon Marks will be invited to join the Starwest board.

Mr. Leslie Chapman and Mr. Neil List, executive directors of Hawthorn, have agreed to remain on the company's board for such time as is necessary to ensure an orderly transition of the group's affairs.

Starwest's original bid of 130p per share had been firmly rejected as inadequate by the Hawthorn board and received acceptances of only 3.51 per cent from shareholders. Starwest came back with a new offer of 147p together with firm assurances about the group's future development, which won the recommendation of the Hawthorn board. Starwest already held a 41.52 per cent stake and the directors have accepted in respect of their holdings of around 10 per cent.

Coronet recommends bid for outstanding shares

THE EXECUTOR of the will of Mr. Alan Higgs—the former chairman of Coronet Industrial Securities who died two years ago—has put in a bid for the 19 per cent of the company's shares he does not control. The company's board has recommended acceptance.

It is proposed that the 570,500 Coronet ordinary shares involved be canceled in return for 84p cash, through a scheme of arrangement under the Companies Act.

Coronet — which distributes electrical and electronic equipment and makes clayware products—suffered a drop in pre-tax profits from £580,000 to £388,000, in the year to September 30, 1980. Turnover was up slightly from £11.13m to £12.98m.

After a tax credit and land sale surplus, attributable profits emerged at £488,000 against £730,000. No dividend is being paid, and the board says the terms proposed for the outstanding shares incorporate an amount reflecting any dividend foregone.

Mr. Derek Higgs, chairman and son of Mr. Alan Higgs, is named as an executor of the will, but he has not proved this. Therefore he has expressed no opinion on the terms to buy out the minority shares.

The other director, Mr. Leslie Cardew, has consulted the company's auditors, Robson Rhodes, who consider the terms fair. The board intends to vote for the scheme on behalf of its own holdings of 2.2 per cent of the minority shares.

Garnar expands with purchase of Spencer

IN ITS second acquisition this year Garnar Scotblair, the tanner and leather manufacturer, has agreed to acquire the lossmaking Spencer Leather Co., for just over £300,000 mainly in shares.

This move follows the agreed £2.4m bid in January for another leather company, Booth (International) Holdings.

Spencer, a 67 year old manufacturer of leather for the shoe industry, showed a net loss of £142,791 for the year ended March 31, 1980. Net tangible assets at that date amounted to £142,791. A revaluation of Spencer's property has thrown up a surplus over book value of £467,000.

Garnar is paying for Spencer by way of an issue of 404,180 new ordinary shares plus £10,053 in cash. Garnar's shares were unchanged at 72p placing a value of 291,009 on the share package.

Garnar said that as a result of the economic depresson Spencer has been working below capacity and incurring losses.

Garnar intends to transfer the current leather production of Wilson Tilt and Boak to the modern Spencer factory, while retaining the more profitable specialised lines of the Spencer production.

This will result in considerable economies

UK COMPANY NEWS

Second half downturn at S. W. Farmer

A DOWNTURN from £631,000 to £443,000 in the second half left S. W. Farmer Group lower with taxable profits of £1.02m for 1980, compared with £1.19m. Full year turnover however, of this maker of structural steelwork and platework, increased from £13.84m to £15.41m.

There was a tax credit of £132,000 (£337,000 charge) for the year. This comprised a charge of £368,000 (£602,000) which was more than offset this time by a credit of £500,000 (£255,000) on the release of deferred tax relating to stock relief.

Earnings per 25p share on a normal tax charge were 26.14p, against 25.37p, while the dividend total is held at 9.169p net with a final of 6.1p.

Retained profits for the year rose from £630,000 to £917,000.

Mr. Brian Farmer, the chairman, says 1980 was a difficult year and, as the year progressed, the company felt the effect of the current recession in the majority of the activities.

However, the company has a very sound financial base and its asset position has shown further improvement.

Current trading remains depressed but there has recently been a noticeable improvement in the volume and quality of enquiries for future business.

Strenuous efforts are being made world-wide to improve volume of orders and the Board remains hopeful that there will be an improvement in the coming months.

Margins down at Herrburger Brooks

ALTHOUGH turnover of Herrburger Brooks, the Nottingham-based maker of piano actions, keys and hammers, rose by 8.2 per cent from £2.49m to £2.69m, pre-tax profit fell by nearly 14 per cent from £156,756 to £134,888 in the first six months to November 30, 1980.

Because of severe competition, especially from the Far East, the company has not been able to pass on increased costs to customers which—in addition to the increasing value of sterling—has reduced profit margins, Mr. J. Campbell Ritchie, chairman, explains.

Interest charges for the half year rose substantially to £43,598 (£20,662).

The activities of the company during the second half of the year will be substantially curtailed because of the closure of three UK piano manufacturers, so a provision totalling £43,000, has been made in the accounts for future redundancies, he says.

The directors anticipate turnover for the year to May 1981 will be 20 per cent below the £5.6m for 1980.

Galliford edges ahead at midterm

PRE-TAX profits of Galliford Brindley, the Leicestershire based industrial holding company, rose from £1.29m to £1.38m in the six months to December 31, 1980. Turnover increased from £30.41m to £35.37m.

Mr. P. Galliford, the chairman, says the benefits of having a spread of activities were highlighted in the period, when a wide range of results from the group's companies produced an overall figure marginally ahead of last year. Reflecting the policy of managing its cash flow to maintain a net surplus, he says, high interest rates have been beneficial.

The second half will be affected by the increasingly competitive market conditions, but he says the board hopes to achieve a full year result that will be considered satisfactory in the circumstances.

Trading profit in the first half was up from £1.95m to £2.07m. Depreciation took £687,000 compared with £663,000, and after tax of £578,000 (£517,000), net profits came out at £804,000 (£771,000). Stated earnings per 5p share are up from 6.09p to 6.36p.

The net interim dividend is unchanged at 1.125p—last year's total was 4.625p from pre-tax profits of £3.16m (£2.87m).

Galliford Brindley is engaged in building and development, civil engineering, heating and ventilating, engineering and plant hire.

Granada is coping well with drop in spending

DESPITE PROBLEMS faced in 1981, Mr. Alex Bernstein, chairman of Granada Group says he remains opimistic about the years ahead.

The short term outlook he describes as hardly encouraging. Consumer spending is down and is likely to remain at a low level throughout the current year. This is bound to affect Granada, but Mr. Bernstein says the group is coping well.

Effort has been made to keep costs down without endangering service quality or "excellent" long term group prospects. Last year was encouraging for video rentals and, during the 1980s, this sector will have an increasing impact on group rental business.

As regards the rest of the group, particularly leisure, entertainment and catering will have a part to play in the company's future growth.

Referring to the fourth television channel, Mr. Bernstein reports that the group's share of financing this has been set by the IBA at £10.8m per year. This will be in addition to the normal rental of £5.2m, both figures being at 1979 prices.

Initial costs, particularly in 1982, must have an impact on profits and it may take some time for the channel to become profitable. The chairman is optimistic, however, about the channel's long term prospects.

Following negotiations with the Department of Trade, since the financial year end, 50 year leases have been acquired on th group's 10 motorway service areas, at a peppercorn rent. The price paid was £13.75m. This is in the group's long term interest as it will no longer have to pay rent based on turnover, which had become increasingly onerous in inflationary times.

As reported on December 5, taxable profits for the year to September 27, 1980, improved by £3.48m to £42.49m. Current cost pre-tax profits were £37.2m. Meeting, 36 Golden Square, W., on March 30 at 12.30 pm.

Beaumont Properties lifts portfolio value by 28%

A revaluation of the property portfolio of the Beaumont Properties group as at September 30, 1980 has shown an increase of 28 per cent over the 1977 valuation.

Properties owned by the investment companies have shown a surplus of £5.38m which has been transferred to reserves. Properties held by trading subsidiaries showed a surplus over cost of £5.92m which if realised and subject to tax would be available for distribution.

Total property holdings for the group increased from £26.53m to £32.69m at the year end while shareholders' funds rose to £21.44m (£15.67m).

Full-year pre-tax profits for the group, as reported on February 6, advanced from £1.27m to £1.46m.

In his statement, Mr. J. Hugh Jones, chairman, tells shareholders that the company will continue to acquire suitable properties. Since the end of the financial year an office block in the West End of London and a shop/office building in Cheam have been acquired at a cost of £1.13m.

Capital spending of £2.3m (£0.62m) has been authorised but not committed.

At February 4, Pearl Assurance Company held 5.3 per cent of the issued ordinary share capital.

The meeting will be held at 100 Old Broad Street, EC, on March 26 at 2.30 pm.

Merchants Trust rises and pays 0.4p more

Revenue of the Merchants Trust rose in the 12 months to end-January, 1981, from £1.98m to £2.18m after tax of £1.27m, compared with £1.07m, and the total dividend is being stepped up from 3.75p to 4.15p net with a final of 2.4p.

Management expenses were higher at £200,000 (£171,000) but interest charges showed a drop from £218,000 to £173,000.

Net earnings per 25p share amounted to £2.14m (£1.95m), equivalent to 4.2p (3.82p) and fully diluted at 4.19p (3.81p). Ordinary dividends absorb £2.12m (£1.91m) leaving retained earnings lower at £25,000 (£37,000).

At year-end valuation of investments totalled £67.53m (£53.07m) and net assets attributable to ordinary stock were £62m (£50.82m)—equivalent to 121.5p (99.8p), and fully diluted at 121.4p (99.6p).

BP Canada shows sharp improvement

Net income for 1980 of BP Canada Inc. rose sharply from a restated $67m to $104.3m, equivalent to $4.89 per common share, against $3.16. The increase was due mainly to improved margins on the sale of refined products, but earnings from natural resource operations were also slightly higher.

The 1979 result has been restated to reflect changes in accounting to recognise the profit at the wellhead on the production of own crude oil, and to adopt a revised basis for valuing the crude oil element in the manufactured products inventory.

Gross sales and services climbed from $999.4m to $1.29bn, while pre-tax income was up from $121.3m to $202.5m. Tax charge was higher at $98.2m ($54.2m).

Capital spending in 1980, including exploration expenditures, amounted to $118m, an increase of $26.7m over 1979.

Production of crude oil and natural gas liquids averaged 4.147 cubic metres a day, an increase of 7.2 per cent from the previous year. Gross sales of natural gas, at 2,669,000 cubic metres a day, were 14.7 per cent below 1979 sales.

A dividend of 30 cents per common share has been declared, unchanged from the previous quarter.

CITY OF B.A. TRAMWAYS CO.

The liquidator of the City of Buenos Ayres Tramways Company (1904) is paying a 14th and final distribution of 4.06p per £1 share on March 31. The company is in voluntary liquidation.

MINING NEWS

Australian coalfield for BP

BY GEORGE MILLING-STANLEY

THE POSITION of BP Australia as a major force in the Australian coal industry was confirmed yesterday when the Queensland Government announced that a consortium headed by the company had won the right to develop a rich steaming coal deposit in the state.

The deposit, in central Queensland, is known as Winchester South and has estimated reserves of 420m tonnes of coal. The total cost of deveolping the project has been put at A$500m (£260m).

The consortium, in which BP Australia is expected to take a 50 per cent stake, won the right to develop Winchester South against 31 other consortia and individual companies. The other participants are Westfield, the property development group, and Drayton Mining Development, a company controlled by Sir Leslie Thiess. Both companies are Australian, and each is expected to take a 25 per cent stake in the joint venture.

The BP consortium proposed an accelerated exploitation programme for the deposit, with exports scheduled to begin in mid-1984, rising to 4m tonnes a year by 1986. Some 160m tonnes of the total reserves will probably be recovered by open-cut methods.

The consortium also offered the Queensland Government coal for an on-site power station, to be built "within the Government's time-frame." It is understood that the winning consortium's original tender did not include this proposal, which was suggested by one of the other companies to tender.

Announcing the decision yesterday, the State Government said that the BP consortium offered "the best long-term benefits for the people of Queensland."

The Government's statement went on to say that the successful consortium "provides a strong technical, marketing and financial combination."

BP has been trying to enter the Queensland coal trade for some time. The company attempted to buy the Milmerran coal deposit last year, only to be thwarted by AMAX of the U.S., which exercised its right of first refusal.

BP already has large coal operations in New South Wales through its ownership of Clutha Development.

The consortium's victory also marks the return of Sir Leslie Thiess to the Australian coal industry, following the takeover of his former company, Thiess Holdings, by CSR late in 1979.

Winchester South is about 9 miles north-east of the Peak Downs coal mine, owned by Queensland Coal Associates. A rail spur to Peak Downs runs across the northern end of the new prospect.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals.

TODAY

Interims:—G. H. Downing, Link House Publications, London and Strathclyde Trust.

Finals: De Beers Consolidated Mines, De Beers Industrial Corporation, Hong Kong and Shanghai Banking, Rosedimond Investment Trust.

FUTURE DATES

Interims—

Highland Distilleries	Apr. 6
Lowland Investment	Apr. 24
Strong and Fisher	Mar. 12
Waring and Gillow	Mar. 17
Wombwell Foundry and Engineering	Mar. 27

Finals—

Bestobell	Mar. 25
Bridgwater Estates	Mar. 13
Charterhouse Group	Mar. 30
Dickinson Robinson	Mar. 18
East Lancashire Paper	Mar. 12
Hiltons Footwear	Apr. 1
Liverpool Daily Post & Echo	Mar. 19
London & Manchester Assur.	Mar. 11
Montfort (Knitting Mills)	Mar. 20
Squirrel Horn	Mar. 13

Decline in tin production by MMC group

OUTPUT of tin concentrates fell last month at all of the producers in the Malaysia Mining Corporation (MMC) group. Malayan Tin Dredging, the biggest of the group following its recent absorption of five smaller companies, produced 550 tonnes compared with January's 604 tonnes, while Berjuntai, the other leading producer, fell from 291 tonnes to 243 tonnes.

This fall brought Berjuntai's total output for the 10 months to date to 2,805 tonnes, against 3,261 tonnes at the same stage of the last financial year.

The latest output figures are compared in the accompanying table.

In a separate development, MMC announced that its subsidiary Kampong Lanjut Tin Dredging is to carry out further drilling for gold in two areas in Ulu Kelantan in order to give a more accurate assessment of mineral distribution and mining viability, reports Wong Sulong from Kuala Lumpur.

Kampong Lanjut, which last year spent M$500,000 (£97,000) on prospecting work in 23,000 acres of the Sungai Sokor and Sungai Galas areas, said the results indicated that gold distribution was generally erratic and of low grade.

Two areas were identified as having sufficient potential to warrant further investigation, and the company will renew drilling in April at a cost of M$850,000.

Kampong Lanjut's agreement with MMC provides for a joint company to be set up if exploitable deposits are discovered, in which it would take a 20 per cent stake. Under a 1979 agreement between MMC and the Kelantan state government, the latter may take an interest of up to 70 per cent in any discoveries.

	Feb. tonnes	Jan. tonnes	Dec. tonnes
Aokam	107	109	126
Ayer Hitam	93	112	103
Berjuntai	243	291	256
Malayan*	550	604	701
Sungei Besi	106	114	113
Tongkah Harb.	54	55	57
Tronoh Mines†	46	57	45

* Includes Bidor Malaya, Kramat, Lower Perak, Southern Kinta, Southern Malayan. † Excludes Bidor Malaya.

Setback for Nchanga

NET PROFITS of Zambia's largest copper and cobalt producer Nchanga Consolidated Copper Mines (NCCM) for the nine months to December 31 were Kwacha 30.9m (£16m), well below the K37.2m achieved at the same stage of the previous financial year.

The third quarter net profit of K8.9m represents a fall of more than one-fifth on the previous quarter's results. No dividend was declared for the period.

Copper output for the nine months was 278,037 tonnes, up from 270,533 tonnes, but production of lead and zinc fell to 34,783 tonnes from 38,541 tonnes while production of cobalt was down to 840 tonnes from 910 tonnes. Almost half of the company's cobalt output still remained unsold at the close of the period.

The average proceeds per tonne of copper rose to K1,662 from K1,591 in 1979.

NCCM said that operations during the December quarter were adversely affected by low copper prices, the shortage of foreign exchange and essential spare parts and by transport problems.

Profits fall at Philippines copper groups

TWO OF the big five copper producers in the Philippines have reported earnings setbacks for 1980. The falls came in spite of higher prices received for the companies' concentrates, which contain gold and silver as well as copper.

Net profits of Lepanto Consolidated Mining fell by 11 per cent to pesos 129m (£7.6m), while at Marcopper Mining the fall was of 31 per cent to pesos 98m.

At Lepanto, the average export price of copper edged upwards by 2 U.S. cents to 94 cents a pound. The company received an average of $685.31 per ounce for its gold, compared with $333.04 in 1979, and $20.93 per ounce for silver against $13.71.

Lepanto's major customer, Asarco of the U.S., declared a "force majeure" on copper deliveries during the year, as a result of strikes at its American plants. Lepanto was thus only able to ship 36,000 dry short tones of concentrates to Asarco, instead of the 60,000 stipulated in contracts between the two companies.

The average export price for copper received by Marcopper rose to 91 per cent a pound from 91 cents. Gold climbed to $611.24 an ounce, against $288.88, and silver averaged $20.18 an ounce compared with $10.53.

Marcopper's production of concentrates declined to 115,888 dry tonnes from 1979's 148,139, as a result of the mining of harder and lower-grade ores.

Increase at Poseidon

A RISE of 51 per cent in the average price realised for gold has lifted the profits of Australia's Poseidon for the six months to December 31 by one-third.

Poseidon, the company which highlighted the boom in Australian nickel exploration stocks in the late 1960s, now derives its income from a 47 per cent stake in Kalgoorlie Lake View (KLV). This company in turn has a 52 per cent interest in Kalgoorlie Mining Associates (KMA), which operates the Mount Charlotte and Fimiston gold mines on Western Australia's Golden Mile.

Poseidon's net profit for the period was A$4.17m (£2.16m), compared with A$3.18m last time. The company paid a maiden interim dividend of 5 cents a share last year, and followed this with a 5 cent final, but said it has deferred a decision on an interim payment this year.

LONDON TRADED OPTIONS

(Mar. 9 Total contracts 767)

Option	Ex'rcise price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP	360	48	10	—	—	—	—	406p
BP	390	23	—	44	10	62	—	"
BP	420	10	3	28	15	44	—	"
BP	460	3	2	14	—	—	—	"
BP	500	¾	62	8	—	—	—	"
Com. Union	130	27	1	31	—	36	—	154p
Com. Union	140	17	2	23	—	29	—	"
Com. Union	150	6	5	10	3	13	—	"
Cons. Gold	420	25	2	47	—	57	—	430p
Cons. Gold	460	14	8	28	1	37	—	"
Cons. Gold	500	—	—	13	10	25	—	"
Courtaulds	50	11	9	12	—	15	10	59p
Courtaulds	60	3½	28	6	10	8½	13	"
Courtaulds	70	1	15	2½	—	4½	—	"
GEC	550	93	1	117	—	130	—	636p
GEC	650	19	3	45	11	65	—	"
Grand Met.	140	36	2	41	—	44	—	172p
Grand Met.	160	17	1	23	—	29	—	"
Grand Met.	180	5½	18	11	38	14	10	"
Grand Met.	200	2	—	4	10	7	—	"
ICI	240	18	10	32	—	44	—	244p
ICI	260	8	15	22	2	34	—	"
ICI	280	3½	25	13	2	24	—	"
ICI	300	2	1	7	14	17	68	"
ICI	330	1	87	4	—	—	—	"
Land Sec.	390	19	2	31	—	44	—	395p
Land Sec.	420	6	1	18	—	29	—	"
Marks & Sp.	120	5	6	9	—	14	3	118p
Marks & Sp.	130	1½	—	5	8	10	—	"
Shell	390	30	10	42	—	58	—	410p
Shell	430	12	2	24	—	36	—	"
Shell	500	1	2	5	—	—	—	"
Shell	560	¼	33	3	—	—	—	"
Totals			366		134		84	

Option	Ex'rcise price	May Closing offer	May Vol.	August Closing offer	August Vol.	November Closing offer	November Vol.	Equity close
Barclays B'k	360	35	1	50	—	—	—	391p
Barclays B'k	390	17	2	30	—	43	—	"
Barclays B'k	420	9	15	18	—	30	—	"
Imperial Gp.	70	6½	—	8	—	10½	2	72p
Lasmo	600	57	—	85	2	110	—	614p
Lasmo	650	32	8	62	—	82	—	"
Lasmo	700	15	1	40	—	55	—	"
Lasmo	750	6	9	20	3	—	—	"
Lasmo	800	2	6	9	2	—	—	"
Lonrho	100	6	19	10	—	12	3	97p
Lonrho	110	2½	10	6½	5	8½	3	"
Racal Elec.	330	35	20	46	—	56	—	343p
Racal Elec.	360	16	6	26	30	39	—	"
Racal Elec.	390	4	—	15	—	26	1	"
RTZ	414	35	1	—	—	—	—	431p
RTZ	420	—	—	48	4	65	—	"
RTZ	454	18	8	—	—	—	—	"
RTZ	460	—	—	27	17	42	—	"
RTZ	560	—	—	15	5	—	—	"
Totals			106		68		9	

EUROPEAN OPTIONS EXCHANGE

Series		Mar. Vol.	Mar. Last	June Vol.	June Last	Sept. Vol.	Sept. Last	Stock
GM C	$45	1	6½	—	—	5	9¼	$51¼
GM C	$50	1	1⅜	—	—	10	6⅛	"
		April		July		Oct.		
ABN C	F.300	—	—	1	5	—	—	F.286.50
AKZO C	F.17.50	89	1	26	2.20	—	—	F.18
AKZO C	F.20	70	0.40	53	1.10	31	1.70	"
AKZO C	F.22.50	—	—	50	0.50	—	—	"
AKZO P	F.17.50	3	0.60 A	—	—	—	—	"
AMRO C	F.60	2	0.40	—	—	—	—	F.56.20
KODA C	$80	1	3⅜	—	—	—	—	$78⅝
HEIN C	F.55	3	1.80	—	—	—	—	F.55
HEIN C	F.60	6	0.60	—	—	—	—	"
HEIN P	F.50	—	—	2	1	—	—	"
IBM C	$65	—	—	7	3½	—	—	$62⅞
IBM C	$70	—	—	4	1⅞	—	—	"
KLM C	F.70	2	8 B	2	9.50 A	—	—	F.77
KLM C	F.80	20	2.60	2	5	—	—	"
KLM P	F.70	—	—	—	—	10	3.50	"
KLM P	F.80	2	6.70	—	—	—	—	"
NATN C	F.120	25	7	—	—	10	10	F.125.20
NATN C	F.125	2	2.20	—	—	—	—	"
NATN P	F.120	4	0.50	—	—	—	—	"
PHIL C	F.15	30	3.50	4	3.70 B	—	—	F.18.30
PHIL C	F.17.50	34	1.10	34	1.90	—	—	"
PHIL C	F.20	25	0.30	20	0.70	52	1.20	"
PHIL P	F.20	—	—	1	2.80	—	—	"
OLIE C	F.90	20	11	—	—	—	—	F.100.20
OLIE C	F.95	—	—	4	9.50	—	—	"
OLIE C	F.100	121	3.50	86	5.50	3	8	"
OLIE C	F.110	103	0.80	71	2.20	9	4.50	"
OLIE C	F.120	10	0.20	19	0.80	—	—	"
OLIE P	F.85	2	0.10	—	—	—	—	"
OLIE P	F.90	223	0.50	—	—	—	—	"
OLIE P	F.95	359	1.20	—	—	—	—	"
OLIE P	F.100	358	3	96	3	—	—	"
OLIE P	F.110	67	10.80	43	6.20 B	18	8.50	"
UNIL C	F.130	10	4	7	12.50	4	16	"
UNIL C	F.135	—	—	10	5.80	2	7	F.131
UNIL P	F.130	10	2.10	3	3	—	—	"
XERO C	$60	—	—	5	2⅞	—	—	$55⅝
		May		Aug.		Nov.		
BOEI C	$40	—	—	5	2	—	—	$34⅜
MANN C	DM.130	—	—	40	6.30	—	—	DM127.50
MANN C	DM.140	—	—	30	1.40	—	—	"
SLUM C	$110	2	4¼	—	—	—	—	$102
SLUM C	$130	—	—	10	2¼	—	—	"
VW C	DM.160	—	—	2	2.50	—	—	DM150.70

TOTAL VOLUME IN CONTRACTS 2396

A=Asked B=Bid C=Call P=Put

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Union agrees to pay cut for Ford's steel workers

BY IAN HARGREAVES IN NEW YORK

UNION LEADERS at Ford Motor's U.S. steelmaking division have agreed to a cut in their incentive pay after threats by the company that resistance would lead to major operational cutbackst his summer.

The company and union leaders completed an agreement for a 50 per cent cut in incentive payments yesterday, although the terms have still to be ratified by the 500 men affected. The surrender of certain kinds of plant level bonus during hard times is not unusual in the steel industry, but the Ford agreement is important in two respects.

First, it is Ford's opening sally in what is expected to be a more broadly based effort to get its hourly-paid employees to make pay sacrifices in view of the company's heavy losses. The steelworkers belong, like most of Ford's other employees, to the United Autoworkers Union.

Secondly, it indicates a possible change of strategy at Ford Steel, which in the last year has dismayed its competitors by churning out flat rolled steel at normal capacity in spite of a very weak market, and selling the product at huge discounts in the open market. Traditionally, abouttwo-thirds of its steel, produced in Dearborne, Michigan, at a plant alongside one of Ford's largest car assembly plants, is consumed by the company's own motor operations, but lately the proportion has been cut to one-third.

Other steelmakers have privately accused Ford of being the most disruptive pricing force in the Great Lakes steel market and have suggested that the motor company is sitting on huge losses from its steel division, whose finances are not broken down in company earnings statements.

Ford told its workers that if they did not make pay concessions, it would phase out all steel-making this summer other than that needed for its own motor business. That would have resulted in more than 3,700 redundancies.

Ford has also taken steps to analyse its future steel strategy with the help of Nippon Kokan, the large Japanese steel-maker. Mr. Minoru Kanao, president of Nippon, said in New York yesterday that his company's engineers had completed studies at Ford and would shortly submit a detailed report.

Mr. Kanao denied that Nippon had any intention of taking an ownership stake in Ford Steel, as has been rumoured. He did say, however, that it would not be long before Nippon Kokan undertook investment in the U.S. coal and iron ore fields, having already agreed major invesetments in these resources in Canada and Australia.

Buffalo falls to Ampco bid

By Our New York Staff

BUFFALO FORGE, the upstate New York machine tools company, will be taken over by Ampco-Pittsburgh, a railway car manufacturer, rather than by Ogden Corporation, Buffalo's preferred "white knight."

Buffalo's directors have finally conceded that the cash and shares bid by Ogden is not close in value to the $97.3m bid of Ampco-Pittsburgh.

Ogden officially withdrew from the race yesterday, saying that it was not prepared to raise its bid any further.

Ogden bid for Buffalo in February at the time when the machine tool company was trying to resist the initial Ampco-Pittsburgh offer.

Ogden, whose interests include shipbuilding, said it would tender its 425,000 Buffalo shares to Ampco and would go to the courts to force Ampco to buy them if it continued to refuse the offer, as Ampco has indicated it may.

Ogden stands to make a tidy profit on the share sale. Its holding in Ampco, valued at the $37.50 offer price, is worth almost $16m.

VW plugs gap in diesel range

BY STEWART MARSHALL

VAG, the Volkswagen-Audi group, has plugged an important gap in its commercial vehicle range with the introduction of a diesel-engined version of its new Transporter.

The group is using a 1.6 litre, four-cylinder, liquid cooled engine similar to that in the Golf, Jetta and Passat diesel cars.

VAG claims that fuel consumption is 30 per cent less than that of the 1.6 litre petrol engine Transporter which remains in production.

Last year VAG made 200,000 light commercial vehicles, 160,000 of them VW Transporters, the remainder LT and MAN/VW trucks. It held a 63 per cent share of the German market, where 25 per cent of all vehicles of up to 3.5 tonnes GVW are now diesel engined. Daimler-Benz, VAG's main rival, fits diesels into 90 per cent of its light commercial range.

In 1980, 50 per cent of VAG's LT and MAN/VW trucks were diesels compared with only 15 per cent when the LT range was introduced five years ago. VAG believe that about 30 per cent of the transporters to be sold this year will be diesels and the proportion will rise in future.

Gasoil is virtually the same price as regular grade petrol in Germany. VAG says the cross over point at which the diesel transporter's higher fixed cost is offset by its lower running cost is 32,000 km, around 20,000 miles.

In Germany the cheapest diesel transporter costs $720 more than its 1.6 litre petrol equivalent. UK prices had not been fixed but when the diesel arrives in the late spring it is expected to carry a premium of about $1,100.

VAG (UK) importer of VW and Audi products has not decided which diesel model to bring in but in Germany panel vans, pickup trucks, micro buses and caravans are already available.

Levi Strauss sues rival jeans group

By Our New York Staff

LEVI STRAUSS, the leading jeans manufacturer, has sued another major producer, Jordache Enterprises, charging the New York-based company with infringing Levi's trademark and accusing it of unfair competition.

In a suit filed in San Francisco, Levi claimed Jordache had made infringements on its rear pocket stitching design and on its pocket tab trademark. It also charged Jordache with running a trade publication advertisement "copied and modelled" after a copyrighted Levi advertisement.

Levi has asked an injunction against further infringements by Jordache and is seking an order to force Jordache to destroy all existing garments bearing these infringements of Levi pocket tab trademarks and rear pocket design.

Hungary bid for $400m Euroloan surprises banks

BY FRANCIS GHILES AND ANTHONY ROBINSON

HUNGARY HAS surprised the Western banking community by coming to the market for another $400m for which it has no apparent immediate need.

The new Eurocredit is being co-ordinated by Citicorp, which is putting together a small group of banks to underwrite what is expected to be a seven-year loan on terms similar to the $300m credit arranged by Dresdner Bank in December last year. This gave Hungary a split margin of ⅝ per cent over Libor for the first two years and ⅝ per cent for the remainder.

The new credit comes hard on the heels of the $150m loan arranged last month for Hungary by a group of Middle East banks led by Arab Banking Corporation and Kuwait Foreign Trade Contracting and Investment Company.

If successful, the new credit will bring Hungary's borrowing for this year to $550m, which is only slightly below the $600m raised in 1980.

At the time of the Dresdner Bank loan signing Mr. Janos Fekete, deputy president of the Hungarian National Bank, said that Hungary would be borrowing slightly less this year. The main reason for this, he explained, was the turnround in the balance of trade which showed a $150m surplus on hard currency trade—the first since 1973.

According to the latest figures from the Bank for International Settlements, Hungary's outstanding debts to Western banks totalled $7bn at the end of September, 1980, but it had $637m on deposit in Western banks.

Completion of the latest credit should therefore more than satisfy Hungary's borrowing requirements for 1981.

Any further borrowing is likely to be interpreted by Western bankers as evidence that funds apparently earmarked for Hungary might be re-lent in some form or other to another Comecon borrower.

U.S. Air orders new Boeing

By Paul Betts in New York

U.S. AIR, the regional U.S. airline company formerly known as Allegheny Airlines, yesterday became the first airline to place an order for Boeing's proposed new short-range commercial aircraft, the 737-300.

Announcing a $346m aircraft acquisition programme, U.S. Air said yesterday it had placed orders for 15 advanced Boeing 737-200 short- to medium-range aircraft and for 10 737-300 aircraft, should Boeing decide to go ahead with its programme to construct the new short-haul jet.

But the decision of U.S. Air to place an order for 10 737-300s is expected to give Boeing a major boost for its new short-range aircraft manufacturing programme.

Boeing said yesterday that it it expected a second airline would soon order its 737-300. It said U.S. Air's order "does not constitute a kick off for the programme." Boeing expected another firm order within a month or so and would then commit itself to the programme.

There was "strong interest on the part of other carriers" for the 737-300, at an estimated price of $17m to $18m each.

Boeing would not be involved in the financing arrangements for U.S. Air's orders.

● Texas International Airlines now owns a 40 per cent stake in Continental Air Lines after purchasing 4,773,989 shares tendered in response to its offer.

Texas is offering $13 a share for 6m shares of Continental.

Last week, the Civil Aeronautics Board denied a request by Continental to stop Texas International's tender offer.

Texas intends using its shares to vote against a proposal to merge Continental with Western Air Lines, a similarly financially troubled carrier.

$60m tap issue launched for Australian development bank

BY OUR EUROMARKETS STAFF

A TAP issue of $60m was launched last night for Australian Resources Development Bank by Swiss Bank Corporation. Only $25m will be issued now; the borrower will keep the option to raise a further $35m in the next six months.

Indicated terms of the first $25m, which is being offered on a yield basis of 14.32 per cent, include a coupon of 13 per cent and a price of 95½. If market prices change significantly before Friday, when final conditions are due to be agreed, the yield will be readjusted. The borrower is jointly owned by the six leading Australian commercial banks, and is a frequent visitor to the Eurobond market.

Prices in the two major sectors of the Eurobond market moved up yesterday: fixed interest dollar denominated bonds gained up to 1⅜ points, although average gains were about ½ of a point. D-Mark foreign bonds gained ½ of a point.

Dealers reported a little more activity in dollar bonds yesterday than last week, after the sharp rise in the long end of the New York bond market on Friday.

The same reason prompted the rise in D-Mark foreign bond prices, which were also helped by the stability of the German currency on foreign exchange markets. The 10½ per cent bond to 1991 for the EIB was quoted at 100¼-¾ on its first day of trading.

Prices were unchanged on the Swiss franc foreign bond market. A SwFr 30m convertible private placement is being arranged for Kansai Paint by Credit Suisse. This issue includes a coupon of 5 per cent.

Earthquake credit stays at $1bn

BY RUPERT CORNWELL IN ROME

ITALY HAS no intention of coming to the Euromarket again in the near future to seek the second $1bn of the originally planned $2bn loan to aid earthquake reconstruction in the south.

This has been made clear after the announcement by the Treasury Ministry that the country has decided to cut the borrowing back to $1bn. The second tranche, a stand-by credit open for three years, has been dropped in the face of resistance from the market.

Reports that the Italian authorities were prospecting for a new lead manager (Bankers Trust put together the 23-bank syndicate wihch is underwriting the first tranche) for a second operation, possibly on different terms, have been firmly denied.

It was possible, however, the Treasury said, that Italy would seek a second $1bn tranche in years to come, depending on the financial requirements of the reconstruction programme and prevailing conditions on Euromarkets.

As reported earlier, the terms for the portion of the $1bn eight-year loan to be raised on the Euromarket are a ⅜ per cent margin over Libor for the first four years and ½ per cent thereafter. Funds to be raised on the U.S. market will carry a rate of ¼ per cent over prime rate for the first four years and ⅜ per cent over prime rate for the second four years.

Pfizer expects earnings gain

By Our Financial Staff

PFIZER, the leading ethical drugs group, said 1981 sales and earnings should rise by at least 15 per cent, in large part because of sales of a number of new drugs.

Pfizer's 1980 earnings rose 7 per cent to $254.8m, or $3.48 a share, compared with $237.9m, or $3.26 a share a year earlier. Sales increased 10 per cent to $3bn from $2.7bn.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Wednesday, March 11.

Closing prices on March 9

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amoco 13½ 88	75	95¼	95¾	+0½	+1	14.30
CECA 11½ 88	100	88⅜	88⅞	+0⅜	+0⅞	14.09
CNE 12¾ 91	100	91⅛	91⅝	+0⅜	+0⅜	14.42
Citicorp O/S Fin. 10 88	300	85⅛	85⅝	+0⅛	+0½	14.01
Citicorp O/S Fin. 12 87	200	91¼	91¾	+0½	+0⅜	14.04
Con. Illinois O/S 9⅝ 88	150	84	84½	+0⅛	+1	14.12
Denmark 11¾ 90	100	86⅛	86⅝	+1⅛	+1⅛	14.46
Dupont Canada 13½ 91	65	95⅞	96⅜	+0⅜	+1	14.29
EEC 11 95 (May)	75	79⅞	80⅜	+0⅛	0	14.35
EEC 11 95 (August)	70	78	79	+0⅛	−0⅛	14.63
EIB 13¾ 90	100	96⅝	97⅛	+0⅜	+0½	14.35
Eksportfinans 9½ 87	75	82⅜	82⅞	+0⅜	+0⅜	13.74
Eldorado 13¾ 86	50	95⅛	95⅝	—	—	14.27
Elec. de France 10 88	125	81⅞	82⅜	+0⅛	+0½	14.03
Elec. de France 13 88	125	95⅜	95⅞	+1⅛	+1½	14.01
Export Dc. Cpn. 12¾ 87	100	94⅛	94⅝	+0⅜	+0⅞	14.14
Export Dv. Cpn. 9½ 88	150	83⅞	84⅜	+0⅛	+0⅞	14.27
Fin. Exp. Credit 10½ 85	50	87⅛	87⅝	0	+0⅛	14.80
Finland, Rep. of 9½ 86	100	82⅜	82⅞	+0⅜	+0⅞	14.62
Ford Credit O/S 14⅛ 83	150	97¾	98¼	+0½	+1	15.48
Ford Cr. O/S Fin. 16 84	150	103	103½	+0⅛	+0⅞	14.53
Gaz de France 13½ 88	80	97⅞	98⅜	+0½	+0⅛	14.03
GMAC O/S Fin. 12 87	100	89⅛	89⅝	+0⅛	+0⅛	14.57
GMAC O/S Fin. 12⅞ 88	100	91⅞	92⅜	+0⅛	+0⅛	14.78
Gen. Mtrs. O/S 11½ 87	100	88⅜	88⅞	+0½	+0½	14.40
GTE Fin. 13¾ 88 (WW)	50	95⅜	95⅞	+0⅛	+1	14.01
Hudson's Bay 11½ 90	75	85⅛	85⅝	+0⅛	+0⅛	14.43
IBM Canada 10½ 85	50	95⅛	95⅝	+0⅛	+0⅞	11.69
IBM Wld. Trade 12½ 88	200	94⅞	95⅜	+0⅛	+0⅛	13.62
Newfoundland 13½ 90	60	94½	95	+0½	+1⅛	14.57
Nova Scotia 10⅞ 90	50	82	82½	+0⅛	+1⅛	14.27
OKB 10 85	50	87⅝	88⅛	+0⅛	+1⅛	13.85
Ontario Hydro 13½ 91	100	95⅝	96⅛	—	—	14.29
Quebec Hydro 11½ 92	100	83⅜	83⅞	+0½	+1⅛	14.56
Queb. Hy. 13 91 (WW)	100	92	92½	+0½	+1⅛	14.51
Rovlease 11⅞ 85	50	91⅛	91⅝	+0⅛	+1⅛	13.98
SNCF 12⅛ 85	50	94⅞	95⅜	+0⅛	+0½	14.04
SNCF 13 91	75	93⅞	94⅜	+0⅛	+0⅛	14.13
Sven Handelsbk 13¾ 88	45	95⅛	95⅞	+0⅛	+0⅛	14.76
Sweden 12⅞ 88	150	94⅛	94⅝	+0½	+1	14.04
Swed. Ex. Credit 12 83	50	94	94½	+0⅛	+0⅛	14.76
Swed. Ex. Credit 13 88	75	94⅞	95⅜	+0⅛	+0⅛	14.43
Tribune O/S Fin. 14 86	50	97½	98	—	—	14.66
World Bank 9⅝ 85	200	87½	88	+0⅛	+0⅛	13.69
World Bank 10⅛ 87	300	84⅛	84⅝	+0⅛	0	14.10

Average price changes... On day +0½ on week +0⅜

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asia Dev. Bk. 8⅝ 90	100	87⅞	88⅜	+0⅛	+0⅛	10.43
Australia 8⅜ 90	250	91	91½	+0½	+0⅛	9.80
Austria, Rep. of 8⅜ 92	150	87⅞	88⅜	+0½	+0⅞	10.04
BFCE 8⅛ 95	100	85½	86⅛	0	+0⅛	10.05
CECA 7⅞ 92	150	85⅞	86½	+0⅛	+1	9.94
Cll-Honeywell 8⅜ 90	125	89⅝	90⅛	+1⅛	+1⅛	10.10
Denmark 8⅜ 92	100	89	89⅝	+0⅜	+0½	9.88
EIB 8½ 90	200	90⅝	91⅛	+0⅜	−0⅜	9.98
ESCOM 9⅝ 87	100	91⅞	92⅜	0	−1⅛	10.98
Iberduero-SA 9 90	100	90⅜	90⅞	−0⅛	−1⅛	10.63
Ind. Bk. Finland 8½ 90	50	85⅜	85⅞	+0⅛	+0½	10.90
Japan Air Lines 8⅜ 87	100	91⅛	91⅝	+0½	+0⅞	9.81
Japan Dev. Bank 7⅜ 87	100	87⅞	88⅜	+0½	+1⅛	10.17
Kobe, City of 8 90	100	88⅜	88⅞	+0⅛	+1⅛	9.94
Midland Int. Fin. 8½ 90	180	90⅜	91⅛	+0⅛	+0⅞	9.98
Norway 7½ 85	250	92⅞	93⅜	+0⅛	+1½	9.67
Nuclebras 9⅜ 88	100	84½	85⅛	+0⅛	−2⅛	13.02
OKB 8⅜ 92	150	86	86⅝	+0⅛	−0⅛	10.33
Oslo, City of 8⅜ 90	80	92⅛	93	+0⅛	+1⅛	10.03
Venezuela, R. of 9⅜ 90	150	92⅞	93½	+0⅛	+0½	10.94
World Bank 8 90	700	87⅝	88	+1	−0⅛	10.08
World Bank 10 86	150	101⅛	101⅝	+0⅛	+0½	9.60
World Bank 10 90	200	100⅛	101	+0⅛	−0½	9.88

Average price changes... On day +0½ on week +0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Austria, Rep. of 5⅛ 90	100	88¾	89¼	−0½	−1⅛	7.00
BFCE 6⅝ 91	100	100⅞	101⅜	−0⅛	+0⅛	6.36
Bayer Int. Fin. 5⅝ 92	100	90⅛	90⅝	−0⅛	−0⅛	6.46
Bergen, City of 6 90	50	94½	95	+0⅞	−0⅞	6.78
Buhrm'n-Tetterode 7 90	40	100⅜	100⅞	−0⅛	+0⅛	6.98
Copenhagen Tele 5⅞ 90	60	91	91½	+0⅛	−0½	7.05
Denmark 5⅜ 90	80	88½	88⅞	0	+1	7.48
Dome Petroleum 5⅜ 91	100	93	93⅜	−0½	−0⅛	6.72
Elet. de France 5⅛ 90	100	†90	90½	−0⅛	−0⅛	6.66
Eurofima 5⅜ 92	80	†99	99½	0	−2	5.84
F. G. H. Hypo. Bk. 6 90	80	†95	98	−0⅛	+0⅛	6.65
Finland, Rep. of 5½ 90	80	†89¾	90⅛	+0⅛	−1⅛	7.11
Int.-Amer. Dev. 7 90	80	100⅜	100½	+0⅛	+0⅛	6.94
Japan Dev. Bank 5⅝ 90	100	93	93⅜	0	−1	6.74
Jutland Tele. 5½ 90	50	90	90½	−0½	−1	7.00
Mt. Blanc Tunnel 5⅝ 90	80	†91	91½	−0⅛	−1	6.77
Newag 5⅞ 90	80	92½	92¾	−0⅛	−1½	6.84
Norges Komm. 4⅞ 91	100	80½	80⅞	−1⅞	+0⅛	7.02
OKB 6 90	100	97	97⅜	+1½	0	6.43
Oslo, City of 4⅞ 91	100	80⅛	80⅝	−0⅜	−0⅛	7.04
Oslo, City of 5⅞ 90	80	94	94½	+0⅛	−0⅞	6.70
Philips Lamps 5⅛ 92	100	†88	88½	−0½	−1⅛	6.76
Sekisui Pre. Hms. 6 90	80	†92	92½	−1⅛	−2⅛	7.16
Trade Dev. Fin. 6⅛ 90	50	93	93½	−0½	+0⅞	7.12
Voest-Alpine 5⅜ 90	80	90⅜	90⅞	−0⅜	−3⅛	7.15
World Bank 6 91	100	94⅜	94⅞	−0½	0	6.74

Average price changes... On day −0⅛ on week −0⅝

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	92⅞	93⅛	+0⅛	+0½	8.87
Australia 8½ 88	20	87⅞	88⅛	0	0	8.82
EIB 7⅜ 89	12	92⅞	93⅜	+0⅛	+0½	8.88
Finland 5.6 83	10	91⅞	92⅜	+0½	+0⅛	9.15
Finland 6 8 88	10	87	88	+0⅛	+0⅛	9.27
Finland, Rep. of 8½ 87	15	†96½	97½	0	+0⅛	9.01

Average price changes... On day +0⅛ on week +0½

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10⅛ 86 C$	60	91½	91⅞	+0⅛	−0⅛	12.94
CIBC 13½ 85 C$	50	97⅜	98⅛	+0⅛	+0⅞	14.12
CIBC 11½ 85 C$	50	91⅞	92½	+0⅛	0	13.98
Federal Dev. 11½ 90 C$	60	†85½	86½	0	−0⅛	14.27
Fst. Can. Inv. 10 84 C$	50	†88⅜	89	0	+0⅛	14.68
R. Bk. Canada 10 86 C$	40	91½	92⅛	−0½	−0⅛	12.25
Tordom Cpn. 13½ 85 C$	30	†97½	98⅛	0	−0⅛	14.16

	Issued	Bid	Offer	Change on day	Change on week	Yield
M. Bk. Dnmk. 9 91 EUA	25	89½	90⅛	0	−0⅛	10.57
SOFTE 8⅛ 89 EUA	40	86	87	0	0	10.83
U. Bk. Nrwy. 9½ 90 EUA	18	97	98	−0⅛	−1	9.93
Algemene Bk. 10⅛ 86 Fl	60	96⅛	96⅝	+0⅛	+0⅛	11.34
Bk. Mees & H. 10 85 Fl	75	96⅝	97⅛	0	−0⅛	10.86
Heineken NV 10 87 Fl	100	95	95½	+0⅛	+1⅛	11.05
Nat. Nedrlndn. 10 88 Fl	60	93⅞	94⅛	+0⅛	+0½	11.32
Ned. Midd. Bk. 10 85 Fl	75	98⅛	98⅝	+0⅛	+0⅛	10.36
Pierson 10⅛ 86 Fl	50	98	98½	+0⅛	+1⅛	10.68
Aero Paris 13⅛ 87 FFr	150	93⅞	94⅛	+0⅛	+0⅞	14.60
Charb'nages 13⅞ 85 FFr	400	97⅛	98⅛	−0⅛	+0⅛	14.47
CECA 14⅛ 86 FFr	150	97⅞	98⅞	+0⅛	+0⅛	14.71
EIB 14⅛ 88 FFr	300	97⅞	98⅛	0	+0⅛	14.54
Finland 11 84 FFr	80	88⅞	89⅞	0	+0⅛	14.98
Gaz de France 11 84 FFr	150	90⅛	91⅛	0	+0⅛	14.33
La Redoute 14⅛ 85 FFr	125	94⅞	95½	+0⅛	+0⅞	15.89
OKB 14 88 FFr	400	97½	98½	0	+0⅞	14.58
Utd. Mex. Sts. 14 85 FFr	150	96⅛	97⅛	0	+0⅛	14.99
Acona 14 85 £	20	94⅛	95⅛	−0⅛	−0⅛	15.55
Beneficial 14⅛ 90 £	20	93⅛	93⅞	−0⅛	−0⅛	15.56
BNP 13½ 91 £	15	95½	96⅛	−0⅛	−0⅛	14.28
CECA 13⅛ 88 £	20	95⅛	96⅛	−0⅛	−0⅛	14.35
Citicorp O/S 13⅛ 90 £	50	95⅛	95⅞	−0⅛	−0⅛	14.41
Fin. for Ind. 14½ 88 £	20	99⅛	99⅞	−0½	−0⅛	14.84
Fin. for Ind. 13⅛ 87 £	20	97⅛	97⅞	−0⅛	−0⅛	14.28
Gen. Elec. Co. 12½ 89 £	50	93⅜	94⅛	−0⅛	−0⅛	13.78
Peugeot SA 14 90 £	23	93½	94	−0⅛	−0⅛	15.24
Rothschild 14½ 90 £	12	97⅛	98⅛	−0⅛	−1⅛	14.66
Royal Trustco 14 86 £	12	99⅛	99⅞	0	0	14.18
Swed. Ex. Cr. 15⅛ 85 £	20	102⅛	102⅞	−0⅛	−0⅞	14.37
Banobras 8⅛ 90 KD	7	†89½	90	0	0	10.01
CCCE 8⅛ 91 KD	10	†82⅛	83	0	0	11.06
Sonatrach 8½ 90 KD	12	†92	92½	0	0	9.83
Akzo 9⅛ 87 LuxFr	500	87½	88½	+1	−3⅛	11.84
Euratom 9⅛ 88 LuxFr	500	88⅞	89⅞	−0⅛	−4⅞	12.17
Eurofima 10½ 87 LuxFr	500	95⅛	96⅛	0	−2⅛	11.42
EIB 9⅛ 88 LuxFr	500	90½	91½	−0⅛	−4⅛	11.74
Volvo 9⅛ 87 LuxFr	500	87⅞	88⅞	−0½	−4⅞	12.37

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Insh Bank 5⅛ 87	0⅛	99	99½	2/7	16⅛	16.75
Bank of Montreal 5⅛ 90	0⅛	99⅞	100⅛	18/6	19⅛	19.52
Bank of Tokyo 5⅛ 89	‡0⅛	98⅛	99⅛	25/4	19.31	19.51
BBL Int. 5 88	0⅛	99	99½	20/5	16½	16.62
Bergen Bk. A/S 6 89	‡0⅛	†98⅛	98⅞	29/5	17⅛	17.36
BNP 5½ 88	‡0⅛	99⅞	100⅛	29/4	18.69	15.71
CNT 5⅛ 88	§0⅛	99⅛	99⅞	16/4	13⅛	13.33
Christiania Bk. 5½ 91	‡0⅛	97⅞	98⅛	5/5	17⅛	18.14
Citicorp O/S F. 84	‡0	99	99⅛	31/3	16.81	16.94
C. Itoh 5⅛ 87	0⅛	99⅛	99⅞	18/3	12⅞	12.94
Co-operative Bk. 6 86	0⅛	97⅞	98⅛	15/5	15⅛	15.88
Den Norske Credit 6 90	‡0⅛	98⅛	99	5/5	17⅛	17.97
Genfinance 5⅛ 87	0⅛	99	99½	30/4	15⅛	15.24
Giro und Bank 5⅛ 91	‡0⅛	98⅛	98⅞	23/3	20⅛	20.79
GZB 5⅛ 89	‡0⅛	99⅛	99⅞	1/5	17⅛	17.59
Ind. Bank Japan 5⅛ 87	0⅛	98⅛	99⅛	15/4	13.31	13.45
Ind. Bank Japan 5⅛ 88	0⅛	98½	99	9/4	13⅛	13.29
Lloyds Eurofin 8 90 £	0⅛	98⅞	97⅛	3/7	14½	14.93
Lloyds Eurofin 5⅛ 92	0⅛	98⅛	98⅞	4/6	17⅛	17.49
LTCB Japan 5⅛ 88	0⅛	100⅛	100⅛	13/6	20.19	20.09
Man. Hanov. O/S 5⅛ 94	‡0⅛	98⅛	98⅞	30/5	17	17.24
Midland Intl. Fin. 5 89	0⅛	100	100½	30/6	19.56	19.51
Midland Intl. Fin. 5⅛ 92	0⅛	98½	99	5/6	17.19	17.41
Nacional Fin. 6⅛ 88	0⅛	99⅛	99⅞	25/7	17⅛	17.86
Nat. West. 5⅛ 94	§0⅛	97⅞	98⅛	14/4	13⅛	13.57
Nat. West. 5⅛ 92	§0⅛	97⅞	98⅛	23/4	13.69	13.99
Nippon Credit 5⅛ 87	‡0⅛	99⅛	99⅞	6/5	17.44	17.53
Saarebanken 6 87	0⅛	98⅛	99⅛	19/6	19⅞	20.08
Standard-Chart. 5⅛ 90	0⅛	99	99⅞	3/9	17.06	17.18
Svenska Handlsbk 5 87	0⅛	99⅛	99⅞	15/7	17.81	17.88
Bq. Ex. d'Alg. 4⅛ 89 SF	0⅛	†90	91	18/6	7½	8.29

Average price changes... On day +0⅛ on week +0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Bow Valley Inv. 8 95	4/81	23.12	98½	100	0	30.90
Canon 6⅛ 95	1/81	629	110⅛	111⅛	+0⅛	8.23
Credit Suisse 4⅛ 93	10/79	1278	†95	97	+1	−5.22
Digicon Fin. 8½ 95	10/81	29.5	†98	99⅛	+0⅛	13.13
Enserch Fin. 9½ 94	7/80	30.25	†160	161	−2	−1.89
Hanson O/S Fin. 9½ 95	1/81	1.82	†106⅛	107⅛	+0½	−1.74
Ina Overseas 8⅛ 2000	4/81	42	†99⅛	101	+0⅛	7.96
Inchcape Ltd. 8 95	2/81	4.55	†125⅛	93⅛	+0⅛	3.50
Jaccs 7⅛ 95	11/80	565	130⅛	131⅛	+1	2.41
Marion Int. Fin. 9 95	12/80	23.25	†88⅞	90	+2⅛	59.62
Matsushita El. 7⅛ 95	11/80	680	100⅛	101⅛	+0⅛	3.17
MEPC 8⅛ 96	2/81	2.47	†97	97½	−0⅛	12.61
Niigata Eng. 7½ 96	1/81	327	100⅞	101⅞	+0⅞	4.70
Nissho-Iwai Co. 8 96	10/80	398	91	92	+0⅞	−1.79
Ricoh 8⅛ 95	8/80	604	112⅛	113⅛	+1⅛	3.39
Sumitomo M. Ind. 7 95	2/81	181	110⅛	111⅛	+0⅛	4.45
Swiss Bk. Con. 6⅛ 90	9/80	200	†84	86	0	16.37
Taylor Woodrow 8⅛ 90	1/81	4.94	95	96	−0⅛	4.69
Transco Inr. 8⅛ 95	2/81	68	86	87½	+0⅛	29.65
Tricorp 8½ 95	12/80	31.25	†89⅛	91	0	11.70
Union Bk. Switz. 5 89	2/80	121.4	†82⅛	84⅛	0	−14.77
Fujitsu 5 84 DM	7/79	431.5	122⅛	123⅛	−1⅛	−5.02
Sharp Con. 6½ 88 DM	9/80	535	141⅛	142⅛	−0⅛	−3.67
Uny Co. 6⅛ 85 DM	11/79	987.3	107⅛	108⅛	+0⅛	15.75

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

First Chicago Aboud payments spelt out

FIRST CHICAGO Corporation, the Chicago bank holding company shaken by a financial crisis and management turmoil last year, said yesterday it paid more than $880,000 to Mr. Robert Aboud, the former chairman dismissed last April, writes Our New York staff. Its separation arrangement with Mr. Aboud, who has since become president of Occidental Petroleum, included a payment of $628,940, an additional profit sharing plan account balance of $152,409 and an annual pension of $106,297 in addition to medical and life insurance benefits.

Harsco's profits slip despite final period gain

By Our Financial Staff

HARSCO, the steel reclamation company, suffered a minor setback in profits last year but the board is planning for an earnings increase of about 20 per cent in the current year.

Sales advanced from $945.3m to $1.06bn last year but, with margins under pressure early on, earnings ended at $19.7m or $4.94 a share, against $52m in 1979. The board expects a 13 per cent gai nin 1981.

An improvement in margins was evident in the final quarter of 1980 when earnings edged forward from $14.8m to $15.4m, although sales dipped from $266.9m to $176.3m.

Harsco, which generates nearly half its profits from the recovery of primary metals from steel slag, warned last year that earnings were being held back by the recession. Higher wage and other costs had combined with the peak interest rates in the U.S. to cut profitability.

Kevin Done on the background to the latest German move in the U.S.

Daimler-Benz grabs for growth

EVEN BEFORE reaching outline agreement with Consolidated Freightways of the U.S. for the takeover of its U.S. Freightliner manufacturing interests, Daimler-Benz was the world's leading heavy truck maker.

Now with the $225m deal with Freightways expected to be signed in the next few weeks Daimler-Benz is poised to acquire at one sweep a significant share of the world's largest truck market.

Daimler-Benz opened its first U.S. truck assembly plant last year in Hampton, Virginia. It had an initial annual capacity for around 6,000 trucks in the 9-14 tonnes range and represented an investment of $8.1m. Most of the parts for the trucks, including the engines, are being shipped to the U.S. from Daimler-Benz plants in Brazil, although the company is planning to increase its purchase of local components in the long term.

Brazil is the most important of the group's present overseas commercial vehicles manufacturing operations with production of 58,943 units in 1979. Alongside Brazil and the company's 100 per cent-owned subsidiary in Argentina — which produced 8,832 vehicles in 1979 — Daimler-Benz also has commercial vehicles manufacturing and assembly operations, usually in co-operation with local interests, in South Africa, Austria, Spain, Turkey, Indonesia and Saudi Arabia.

In the U.S. the acquisition of the Freightliner truck business will be the group's second U.S. purchase. In 1977 it acquired a stake in the U.S. market for off-road, earth-moving trucks — in the heaviest 30-150 tonnes class — with the takeover of Euclid for around DM 65m from the financially troubled White Motor.

In the deal now agreed with Consolidated Freightways, the German company stands to acquire a 9 per cent share of the U.S. market for heavy trucks. This sector of the North American market has averaged sales of about 150,000 units in recent years.

For Daimler-Benz the move presents quite different demands in terms of the design concept and construction of trucks to the European market.

The deal poses several questions about how Daimler-Benz will wish now to develop its U.S. operations. The deal with Freightliner has been an on-off affair and it appeared at the turn of the year that the two companies had broken off contacts without reaching any agreement.

Moreover, at one time it appeared that Consolidated Freightways and Daimler-Benz were actually mutual competitors in the bidding for White Motor, which makes trucks in the class of 15 tonnes and above, which is under the protection of Chapter 11 bankruptcy laws in the U.S.

For its own part, the German group is willing only to restate that it has held "information talks," with White, which had around 6 per cent of the U.S. heavy truck market last year. Two years ago White almost fell into the hands of MAN, Daimler-Benz's major domestic German competitor, but that deal fell through.

The other major outstanding question is what happens to Freightliner's link with Volvo, the Swedish truck maker, if the deal with Daimler-Benz goes ahead. Freightliner took over the responsibility for the distribution of Volvo heavy trucks in the U.S. in January 1979, giving the Swedish group access to its 200 dealers.

Volvo had previously had links with White, which it broke off to make the liaison with Freightliner. Neither Daimler-Benz nor Volvo would comment yesterday on whether there might be a basis for the two groups to cohabit in the U.S. market. But it is looking likely that Volvo will again soon be searching for a U.S. partner.

WORLD HEAVY TRUCK PRODUCTION
(15 tonnes and above)

Company	1979	1978
Daimler Benz	62,422	51,900
Intl. Harvester	52,175	45,552
Mack	38,486	38,246
GM	35,988	29,633
Ford	32,230	31,322
Hino	30,635	26,522
Fiat, Iveco	30,446	33,217
Mitsubishi Motors	26,773	22,902
Isuzu Motors	23,197	24,994
Volvo	22,475	21,248
Saab-Scania	22,410	19,004

Italian insurance group plans rights

By James Buxton in Rome

ASSICURAZIONI Generali, the third largest insurance group in Europe, is lifting its dividend for 1980 and is to raise L35bn ($33.8m) by a rights issue in convertible bonds.

The company said yesterday that earnings for 1980 were likely to emerge ahead of forecast and that as a result the dividend was being increased. For 1979 net profits totalled L31.4bn.

Generali, which is the Milan stock market's leading blue chip, also plans for next year a scrip issue celebrating the company's 150th anniversary, conditions permitting.

The present convertible offering will involve the issue of 500m new Ordinary shares in Generali at an effective price of L70,000 each, compared with a current market value of around L159,000.

The way in which the new shares are to be distributed is understood to have been opposed by Sig. Cesare Merzagora, Generali's 82-year-old honorary chairman. He has argued that an insurance company should not indebt itself and that since Generali is in good health it should distribute shares directly to its shareholders.

● Alfa Romeo, the Italian motor group, reports a turnover of L2,000bn ($1.9bn) for 1980, a 25 per cent rise from a year earlier. Car output rose 5 per cent to 220,000 units, while sales were nearly unchanged at 217,000 units. The company, which lost L54.9bn in 1979, said its 1980 deficit was reduced.

Spain halts Citibank move to acquire finance house stake

BY ROBERT GRAHAM IN MADRID

UNDER STRONG pressure from the big Spanish banks, the Bank of Spain has blocked a move by Citibank to buy into the country's second largest finance group, CIC. This is the first evidence of a backlash from Spanish banks against foreign penetration and comes in the wake of Barclays' agreement to purchase Banco de Valladolid five weeks ago.

The action against Citibank is likely to have important consequences for the ambitions of foreign banks either seeking a foothold in Spain or anxious to enlarge their existing presence. A number of foreign banks have been considering the purchase of finance houses as a way round an informal curb on the purchase of banks.

Citibank has been negotiating for some months to buy nine of the 52 finance companies in CIC, a group with a capital of Pta 1.1bn ($12.7m) and annual income of Pta 7.4bn. Agreement in principle was reached last month—an agreement which would substantially enlarge Citibank's existing branch operations. But once this came to light the Spanish banks began to raise objections.

The legal status of a foreign bank purchase of a finance house is ambiguous but theoretically comes under the foreign investment laws, according to foreign bankers. Finance houses are not considered within the scope of the 1978 decree permitting the establishment of foreign banks. Finance houses also escape important direct controls which the Bank of Spain exercises over the commercial and investment banks. When last year the Bank of Spain indicated it would only permit foreign banks to buy Spanish banks under special circumstances, attention focused on finance houses. CIC was therefore a test case.

Last Thursday, at a regular monthly lunch by foreign bankers at the Bank of Spain, the bankers were understood to have been told of the central bank's decision on Citibank and CIC. They were told such a move by Citibank was not considered opportune.

Bank of Spain indicated yesterday that this decision did not affect in any way the agreement for Barclays to acquire Banco de Valladolid. This bank is in the so-called bank hospital, the Corporacion Bancaria, and Barclays was the sole bank—foreign or local—to make a bid to refloat it and assume control.

Although agreement was reached in early February, the Spanish Cabinet has yet to approve the deal in which Barclays will invest more than $70m.

The Barclays deal has stirred up major fears among the more traditional Spanish banks that foreign banks are being allowed to become too powerful.

Novo increases dividend after earnings advance

BY HILARY BARNES IN COPENHAGEN

NOVO, the Danish pharmaceutical and enzyme producer, proposes increased dividends for 1980, having lifted pre-tax earnings from DKr 138m to DKr 239m ($40m) and net profits from DKr 103m to DKr 176m.

Dividend on the B shares, which are quoted on the London and Copenhagen stock exchanges, is going up from 12 per cent to 13 per cent. The A share dividend will be raised from 0.5 per cent to 6 per cent: the A shares are all held by the Novo Foundation.

Group sales last year increased by 24 per cent from DKr 1.27bn to DKr 1.57bn, of which 97 per cent were made outside Denmark. Earnings rose above expectation, partly because of higher sales and partly as a result of the weakening of the krone by 5 per cent against its main trading currencies in the final part of the year.

About half Novo's B shares are now held abroad. Without international investor interest in Novo shares, the rights issue made in October last year, which raised DKr 125m, would probably not have been possible, the company said.

There was a substantial increase in investment, from DKr 126m to DKr 201m. Projects included a new laboratory for molecular research, expansion of fermentation and purification capacity in Denmark and the U.S., expansion of insulin production in Denmark and work on a detergent enzyme granulation plant.

Group assets rose from DKr 1.49bn at the end of 1979 to DKr 1.99bn ($331m) and shareholders' funds increased from DKr 667m to DKr 959m.

Rabobank boosts income and balance sheet

BY OUR FINANCIAL STAFF

DESPITE A decline in demand for new credit, the Rabobank organisation reported a 13 per cent advance in net earnings for 1980 and further expansion of assets to place it second in size among the major Dutch banks.

Rabobank, a co-operative, said that net profits amounted to Fl 373m ($157m), up from Fl 330m in 1979. Total income rose 12 per cent to Fl 2.95bn while costs rose 11 per cent to Fl 1.93bn. The bank reported operating profit ahead by 14 per cent.

Consolidated balance sheet total grew by 13 per cent to Fl 97.6bn last year.

Like other Dutch banks, Rabo increased allocations to provisions for general risk, raising the level by 14 per cent to Fl 347m. Rabo called the 1980 profit "satisfactory," given the increasing risks associated with lending and the increasing vulnerability of its interest margin.

For the year as a whole, the bank's margin remained at about the same level as in 1979 and 1980, despite a tightening in the first quarter and against a backdrop of high nominal interest levels.

Growth in income from interest-sensitive investments offset increases in interests costs, leaving interest profit of Fl 2.34bn, up 14 per cent

Commission income rose only 3 per cent against 9 per cent in 1979 as a result of a declining demand for credit and a more moderate increase in other services.

Among international activities, the bank opened a representative office in Frankfurt in 1980. A branch office will shortly be opened in New York.

German co-op in U.S. venture

By Our Financial Staff

THE WEST GERMAN co-operative, Rewe Zentralorganisationen, has acquired a 5 per cent shareholding in the U.S. retail chain, Furrs Corporation, which has sales of around $450m.

The deal, struck with Willi Leibbrand, which purchased the Texas-based Furrs outright in 1979, provides Rewe with its first stake in U.S. retailing.

Gold trading lifts profits for Bank Julius Baer

BY JOHN WICKS IN ZURICH

HELPED BY a sharp—62 per cent—rise in profits on gold trading, Bank Julius Baer managed to increase net earnings by more than a fifth to SwFr 12.6m ($6.4m) for 1980.

The bank, which is privately owned, is expected to increase its capital later this year, after which Baer is to consider listing its stock on the Swiss bourses.

Speaking in Zurich yesterday, Dr. Nicholas Baer, the chairman, said that without "at times almost superhuman efforts on the part of staff" the machinery of the bank would have broken down last year because of the volume of business.

This applied particularly to the foreign exchange and precious metals sectors, he said, where there had been a leap in profits. Precious metal trading activity had doubled and earnings had jumped by 62 per cent to SwFr 22.9m to represent nearly 29 per cent of total profits.

Baer is aiming to expand its business in both the UK and the U.S., with a growth of portfolio operations in Britain and development of pension fund investment services in the U.S.

SOUTH AFRICAN STORES

Woolworths, Truworths to merge

BY BERNARD SIMON IN JOHANNESBURG

WOOLWORTHS and Truworths, two of South Africa's leading retail chains, have agreed in principle to merge their operations. The ordinary shares of the companies have a combined market capitalisation of some R200m ($253m).

The terms of the agreement have not yet been released, but a further announcement is expected to be made next Monday. The shares of Woolworths Holdings, Truworths, and Bonmore Investments, Truworths' holding company, were suspended on the Johannesburg Stock Exchange yesterday.

The merger terms are likely to mean an effective take-over b- Woolworths of Truworths. Woolworths' turnover in the year to June 30, 1980, totalled R194m ($245m) against Truworths' R118m. However, Truworths has over 370 retail outlets, while Woolworths operates only 64 stores.

Woolworths is regarded as one of the leading blue chip companies quoted in Johannesburg. Pretax profits in the six months to last November totalled R14.9m, almost a third higher than in the same period of 1979. Gross margins improved from 13.5 per cent to 13.8 per cent. The company has virtually no gearing. With a debt-equity ratio of less than 1 per cent in mid-1980.

Truworths on the other hand, has only recently begun to recover from a patchy performance. The group's taxed income barely rose in 1979-80, despite buoyant consumer demand. In the half-year to December, however, margins rose from 10.4 per cent to 14.2 per cent, and attributable earnings jumped by 78 per cent to R6.6m.

Wolworths, in which Marks and Spencer used to have a significant minority stake, is a no-frills, high-quality retail chain specialising in clothing and food. Its stores are similar to those of Marks and Spencer, in which Woolworths owns almost 1m shares.

Truworths' business is based on high-fashion clothing. Unlike Woolworths, a high proportion of its turnover consists of credit rather than cash sales.

Kelvinator acquisition boosts Email

By Our Sydney Correspondent

EMAIL, the Australian white goods manufacturer, lifted earnings by 57.3 per cent from A$11.47m to A$18.04m ($US20.8m) in the 12 months to December 31. The improvement came from growth in sales or air conditioning and refrigeration appliances during the exceptionally long summer and the first full contribution from Kelvinator Australia which was acquired in mid-1979 in a major rationalisation of the white goods industry.

Consolidated sales rose by 86.4 per cent from A$220.63m to A$411.23m (US$481m). Excluding Kelvinator's contribution sales were up 21.9 per cent. Kelvinator's earnings rose by 23.7 per cent to A$4.7m in the 12 months.

The annual dividend has been lifted from 10 cents to 11 cents a 50 cent share with an 8 cents final. This is the fifth consecutive annual dividend improvement. Effectively the dividend has been increased 21 per cent adjusting for the one-for-ten scrip issue made last May. Earnings per share increased from 24.5 cents to 27.2 cents.

The rise in profit was achieved despite a 137.3 per cent jump in tax to A$13.47m.

NZ Insurance Company pulls out of South Africa

BY OUR JOHANNESBURG CORRESPONDENT

NEW ZEALAND Insurance Company (NZI), one of a handful of New Zealand investors in South Africa, is to sell its 68 per cent holding in New Zealand Insurance Company of South Africa (NZSA) to AA Mutual, the country's fourth largest insurer. AA Mutual has also agreed to buy the 30 per cent interest in NZSA of Standard Bank Investment Corporation, the local subsidiary of Standard Chartered Bank.

AA Mutual, insurance premiums of which totalled some R75m ($95m) last year, says that the purchase price has not been finally agreed.

NZSA, with a short-term premium income of around R20m ($25.3m) and a life premium income of R4.5m last year, is the country's 13th largest insurer.

Mr. Dick Maltby, managing director of NZSA, said that the sale was prompted by "good commercial" reasons.

The benefits of economies of scale have encouraged a large number of mergers and takeovers among South African insurance companies in recent years, reducing their numbers from about 140 ten years ago to 40 now. Furthermore, a fierce rates war has cut margins to the bone.

Commercial reasons apart, the South African Government has encouraged insurance companies to reinsure their risks with locally-owned insurers, and has given its support to the takeover of foreign insurers' interests by South African companies.

Dai Hayward adds from Wellington: New Zealand Insurance has been under attack for a number of years by a minority group of shareholders for its involvement in South Africa, and both the last two anual general meetings have been disrupted by protesting shareholders.

Mr. Fra Hellaby, the NZI chairman, said several South African insurance companies had been interested in buying NZSA. An application will be made to the South African Reserve Bank to return the proceeds of the sale to New Zealand.

The sale agreement does not include NZI's subsidiary in Zimbabwe.

Bank Leumi offshoot lifts bonus issue

By L. Daniel in Tel Aviv

THE GENERAL Mortgage Bank—Israel's oldest mortage institution and a member of the Bank Leumi group, which was recently renamed the Leumi Mortgage Bank—will pay a final dividend of 9.5 per cent for 1980, for an unchanged total of 18 per cent, but the bonus share distribution is being increased to 75 per cent from the 40 per cent of 1979.

Gains in Sun Hung Kai group

BY ADRIAN BOVEN IN HONG KONG

TWO SISTER companies in Hong Kong's fast growing Sun Hung Kai group, yesterday reported steep profit increases for 1980 as a result of buoyant stock markets and lending conditions over the year.

SHK Securities, which is easily the largest brokerage house operating in the Hong Kong market, announced an almost three-fold improvement in 1980 profits to HK$135.66m (U.S.$25.6m), from HK$48.02m in 1979, and also reported an HK$76.54m extraordinary gain.

Its final dividend is set at 25 cents a share, making a total for the year of 35 cents, up from 14.5 cents in 1979.

SHK Securities' sister company, SHK Finance, from which it was split in 1979, announced that profits for 1980 rose to HK$60.07m, up 50 per cent from HK$40.1m in 1979.

Its final dividend was set at 13 cents a share for a total of 20 cents, up 82 per cent on an adjusted basis from the previous year.

SHK Finance also announced a one for five rights issue at HK$4.20 a share to raise HK$121m (US$23m), but did not say for what purpose the money would be used. Irrevocable undertakings to subscribe for 79 per cent of the new shares were made by the two major shareholders, the chairman, Mr. Fung King Hey, and Paribas Asia a subsidiary of Compagnie Financiere de Paris et des Pays-Bas, which acquired 30 per cent of the stock during the reorganisation in 1979.

Darling and Hodgson buys Fowler Holdings

BY OUR JOHANNESBURG CORRESPONDENT

DARLING AND HODGSON, the South African engineering and construction services group, has bought full control of another construction company, Fowler Holdings. The purchase price is R9.5m ($11.4m), of which R6.5m will be paid in cash and the remainder through the issue of 500,000 new Darling shares.

Fowler was previously a subsidiary of Metkor, the investment company the largest shareholder in which is the state-owned steel producer, Iscor.

The takeover will raise Darling and Hodgson's turnover by roughly 25 per cent from its 1980 level of R280m ($337m). Assets will rise from R150m to around R165m. The acquisition will increase Darling's earnings by 10 cents a share this year.

Mr. John Hodgson, Darling's chairman, said that the main attractions of Fowler were its commercial building and low-cost housing business.

Unilever fillip for Indonesia exchange

BY RICHARD COWPER IN JAKARTA

THE DEVELOPMENT of the fledgling Indonesian stock exchange is set to receive its biggest single boost so far with the listing of shares in the local subsidiary of Unilever, the Anglo-Dutch conglomerate, on the Jakarta stock exchange later this year.

Unilever Indonesia, with a turnover understood to be around $250m a year, applied formally last week for Government permission for 15 per cent of its equity, worth around $35m, to be floated on the local exchange, and is poised to be the largest company listed there.

The Unilever listing follows those of other offshoots of multinational companies, such as BAT Industries of the UK and Goodyear Tire of the U.S.

If all goes to plan, Unilever will sell around 8.5m shares of common stock at about Rh 42,500 each, compared with the nominal value of Rh 1,000, to the Indonesian public in September. The Government-owned brokerage company, Pt Danareksa, will probably exercise its option to take 50 per cent of the issue for resale to small investors in lots of less than the standard amount.

Mr. P. E. Martin, Unilever Indonesia's commercial director, says that his company is going public for two reasons: "Firstly we are complying with the Government's desire for more local participation, and, secondly, going public has clearly been important for receiving official approval for expansion."

Unilever Indonesia, which produces detergent, soap, food products, toiletry products plans to spend over $100m on expanding its operations in Indonesia over the next four years.

Before going public, Unilever will revalue its fixed assets from Rh 18bn ($28.8m) to Rh 40bn, which Mr. Martin says, should benefit the company by around $1m a year in terms of tax savings on depreciation.

Since Indonesia's stock exchange was officially revived in August 1977 six companies, all of them majority owned by foreign investors, have gone public. Last year around $9m worth of shares were traded on the exchange, around 60 per cent of which were handled by Danareksa. The capital value of all shares available to the public in Indonesia is $66m. The average daily share turnover in 1980 was $37,000 a day, or around 6,500 shares.

● Mr. J. A. Sereh, president director of Danareksa, says that it will launch a State-run mutual fund next month. It will allow Indonesians to spread their investment across the board in the securities market by purchasing certificates with a nominal value of only Rh 10,000 each ($16).

Danareksa will guarantee to buy back the certificates either itself or through the State banks at the market price of the shares they represent. As with Danareksa's other certificate scheme, which offers investment to Indonesians in smaller parcels than those normally available on the exchange, the mutual fund offers investors a high degree of liquidity.

Genting to sell rubber estate in Seremban

BY WONG SULONG IN KUALA LUMPUR

GENTING BERHAD, the Malaysian casino and hotel group, has agreed to sell a 1,500 acre rubber estate to Tuanku Ja'afar, the Sultan of Negri Sembilan State, for 33.2m ringgit ($US14.4m) cash.

The estate, called Sungei Gadut, is in the district of Seremban, the capital of Negri Sembilan, and belongs to Rubber Trust Plantations, one of the three plantation groups bought by Genting's subsidiary, Asiatic Development, last year.

Genting said a 10 per cent deposit has been received, and the balance would be payable upon completion on or before December 30, 1981. The deal is subject to approval of the Foreign Investment Committee.

The sale will result in a gain of 5m ringgit after tax, and the net asset value of Genting will increase by 5 cents a share.

ENTERTAINMENT GUIDE

ROYAL COURT THEATRE UPSTAIRS. 730 2554. THE 1981 YOUNG WRITERS' FESTIVAL. From Tomor 7.30. Fri. 7.

ROYAL COURT. S. CC. 730 1745. FAITH HEALER by Brian Friel. HELEN MIRREN STEPHEN LEWIS. TONY ROHR. Evgs. 8. Mon. all seats £2.00. No latecomers.

SHAFTESBURY. CC. Shaftesbury Ave. WC2. Box office 836 6596 or 836 4255 Credit card bkgs. 839 7516. 839 4682 839 4855 (9.30-6.0. Sats. 9.30-4.30). Group bookings only 01-839 3092. TOM CONTI & GEMMA CRAVEN THEY'RE PLAYING OUR SONG. Prices Stalls, Royal Circle £8.00. £6.50. £5.00. Circle £3.50. £2.50. OAPs £4.00 (Wed. Mats. only best seats). Student standby £4.00. Evgs. 8.0. Matinees Wed. 3.0. Saturdays 5 and 8.30.

ST. MARTIN'S. CC. 836 1443. Evgs. 8.0. Tues. 2.45. Sats. 5.0 and 8.0. Agatha Christie's THE MOUSETRAP. World's longest-ever run. 29th. Year.

STRAND. 01-836 2660. 836 4143. Evenings 8.00. Mats. Thurs. 3.00. Sat. 5.30 and 8.30. LONGEST RUNNING COMEDY IN THE WORLD. NO SEX PLEASE—WE'RE BRITISH. Directed by Allan Davis. Group sales Box Office 379 6061.

TALK OF THE TOWN. 01-734 5051. Air conditioning. Credit cards LONDON'S GREAT NIGHT OUT. From 8 o'clock Dining and Dancing BRUCE FORSYTH. preceded at 9.30 by SUPER REVUE "BUBBLY." DANCING TILL 1 am. From Mon. RITA MORENO and COMPANY.

VAUDEVILLE. S. CC. 01-836 9988. OPENING MARCH 17 AT 7.00. DONALD SINDEN. Dinah Sheridan. Gwen Watford Polly Adams in PRESENT LAUGHTER by Noel Coward. Reduced price previews from Tomor Evgs 7.45. Sats. 4.0 & 7.45. Group sales Box Office 01-379 6061.

VICTORIA PALACE. CC. 01-828 4735-6. 01-834 1317 Evgs. 7.30. Wed. and Sat. 2.45. Group sales 01-379 6061. ANNIE

WAREHOUSE. Donmar Theatre. Earlham Street. Covent Garden. Box Office 836 6808. ROYAL SHAKESPEARE COMPANY Ton't. Tomor 7.30 TELEVISION TIMES by Peter Prince. All seats £3.50. Students £2.00 in advance from Aldwych Box Office.

WESTMINSTER. S. CC. 01-834 0283. MATINEES ONLY Mon-Fri 2.15. Sats. 3.0. Until March 28 THE NAMESAKE. A new play about King Alfred and the Vikings.

WINDMILL. CC 01-437 6312. Continuous perfs. nightly including Sundays. Until Sunday March 15. thereafter twice nightly Mon.-Sat. 7.0 & 9.0 pm. Sun. 6.0 & 8 pm. Paul Raymond presents RIP OFF! Hotter than ever for 1981. The erotic experience of the modern era. Fifth great year.

WYNDHAM'S. S. 01-836 3028. Credit card bkgs. 379 6565. Mon.-Fri. 8. Sats. 6 & 8.45. Dario Fo's farce ACCIDENTAL DEATH OF AN ANARCHIST.

YOUNG VIC. 928 6363. Eves. 7.30. Ton't Sat ROSENCRANTZ. Wed Thur RICHARD II. Fri PYGMALION.

CINEMAS

ABC 1 & 2 SHAFTESBURY AVE. 836 8861. Sep. Perfs. ALL SEATS BKBLE. 1: FLASH GORDON (U). Wk. & Sun. 2.00. 5.15. 8.15.

CLASSIC ENTERTAINMENT
Teledata 01-200 0200

CLASSIC 1, 2, 3. Haymarket (Piccadilly Circus Tube). 01-839 1527. Last perfs. bookable all screens. 1: RAGING BULL (X) in Dolby Stereo. Progs. 2.20 (not Sun.). 2.55. 5.30. 8.25 (doors open 8.00). 2: LITTLE LORD FAUNTLEROY (U). Progs. 1.00 (not Sun.). 3.10. 5.30. 8.15 (doors open 8.00). 3: THE JAZZ SINGER (A) in Dolby Stereo. Sep. perfs. 12.35 (not Sun.). 3.05. 5.35. 8.30 (doors open 8.00).

CLASSIC 1, 2, 3, 4, 5. Oxford St. 01-636 0310. Opp. Tottenham Crt. Rd. Tube. Fully air conditioned. 1: ORDINARY PEOPLE (AA). Progs. 12.50. 3.25. 6.00. 8.30. 2: PRIVATE BENJAMIN (AA). Progs. 1.20. 3.35. 5.50. 8.10. 3: LAST 2 DAYS! WATERSHIP DOWN (U). Progs. 1.50. 4.05. 6.20. 8.35. 4: THE LONG GOOD FRIDAY (X). Progs. 1.30. 3.50. 6.10. 8.30. 5: AIRPLANE (A). Progs. 1.00. 3.00. 5.00. 7.00. 9.00.

CLASSIC. Leicester Square. 01-930 6915. THE EXTERMINATOR (X). Progs. 12.50 (not Sun.). 2.45. 5.25. 8.00.

CURZON. Curzon Street. W1. 499 3737. BURT LANCASTER SUSAN SARANDON in LOUIS MALLE'S ATLANTIC CITY (A). Film 2.0 (ex. Sun.). 4.5. 6.20. 8.40.

ODEON HAYMARKET (930 2738-2771). ALIEN (X) IS BACK! In 70 mm and Stereo sound. Sep. progs. 1.45. 4.50. 8.00.

ODEON MARBLE ARCH W2 (723 2011-2) THE EMPIRE STRIKES BACK (U) Sep. progs. Drs. open dly 2.30. 6.45.

ODEON LEICESTER SQUARE (930 6111). Jane Fonda. Lily Tomlin. Dolly Parton NINE TO FIVE (AA). Sep. progs. Drs. open 1.15. 4.20. 7.30.

PRINCE CHARLES. Leic. Sq. 437 8181. British Premiere Presentation CALIGULA (X). Sep. perfs. dly. (inc. Sun.). 2.15. 5.30. 8.45. Late show Fri. & Sat. 11.55. Seats bkble. Lic'd bar.

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Offer should be complete with the following information:

a) Main dimensions
b) Detailed specifications of major equipments fitted
c) Tank capacity
d) Dead weight at full load draft and corresponding displacement
e) General arrangement plan
f) Hydrostatic curves
g) Stability booklet
h) Name of society under which vessel classified
i) Present location of vessel
j) Earliest date by which vessel available
k) Maximum period of warranty for satisfactory performance of vessel indicating clearly terms of warranty

Inspection of vessel (for review of vessel classification record, condition survey and valuation survey) will be carried out by independent inspection agency nominated by buyer. Necessary records to be made available to inspection agency. Vessel to be made available for buyer's inspection intimating place of deployment on 7 days' notice.

Quoted price should be fixed and firm until delivery of vessel and be valid for acceptance up to 90 days from tender closing date.

No separate tender papers are available. Quotation in duplicate in sealed cover duly superscribed "Tender Ref. OP/AKD/Tanker due on 8th April 1981" is to reach buyer by 4.4.81 addressed to: DY. GENERAL MANAGER (OFFSHORE PROJECT).

Buyer reserves right to accept or reject any/all bids without assigning any reason whatsoever.

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ROYAL INSTITUTE OF PAINTERS IN WATERCOLOURS. Annual Exhibition. The Mall Galleries. The Mall. SW1. Daily (inc. Suns.) 10-5. Until 29 March. Adm. 50p.

SANDFORD GALLERY. Covent Garden. 45. Market Building. WC2. ALAN DYER. first one-man show. Mon-Sat. 12-7 pm.

THE PARKER GALLERY. 2. Albemarle Street. Piccadilly. W1. Exhibition of Old Marine. Military and Sporting and Topographical Prints and Paintings of Ships Models.

PERSONAL

IN LIVING MEMORY

Floral tributes fade. Your regard for a departed friend lives on if you make a donation in their name to Help the Aged's work — towards a Day Centre for the lonely, medical treatment or research for the old, or help for the housebound. Every £ achieves a great deal for the old. Please let us know the name you wish to commemorate.

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APPOINTMENTS

Senior post in banking

Sir Donald Barron who has been a director of MIDLAND BANK since 1972 has been appointed vice-chairman of the Bank. Sir Donald will retire this month as chairman of Rowntree Mackintosh.

★

Mr. Paddy Manning has been appointed a director of public relations of UNIVERSAL McCANN, a member of the McCann-Erickson Group. Mr. Manning was formally with the Charles Barker Group, having been a director of Charles Barker Lyons since 1976.

★

Mr. Dungworth has been appointed general manager of CRAY RESEARCH (UK) succeeding Mr. D. O'Brien, who has resigned for personal reasons.

★

Mr. Alan Reavill is joining GUARDIAN ROYAL EXCHANGE ASSURANCE and will be appointed manager, special projects. His responsibilities will include control of GRE's involvement in sponsorship of sport. Mr. R. J. Wells will relinquish his title of group public relations officer to act full-time as personal assistant to the managing director, Mr. Peter Dugdale.

★

The Charles Barker Group has integrated its UK selection consultancy. Charles Barker-Coulthard, into its international selection and executive search consultancy company, CHARLES BARKER MANAGEMENT SELECTION INTERNATIONAL. Taking over as chairman of the new consultancy will be Mr. Roderick Braithwaite, at present a director of Charles Barker-Coulthard Ltd. He continues in his present capacity as a director of the Charles Barker Group Holding Board.

★

Following the sale by Henry Simon of the Insect-O-Cutor business to W. H. Groves and Family, Mr. Jack Rawsthorne will become managing director of Groves' newly-formed company, INSECT-O-CUTOR.

★

The Environment Secretary has re-appointed Mrs. Jennifer Jenkins as chairman of the HISTORIC BUILDINGS COUNCIL for England for a third term from April 1. Mrs. Jenkins, former chairman of the Consumers Association and secretary of the Ancient Monuments Society, was first appointed in 1975. The present appointment will run until 1984.

★

Mr. S. Pendle has been appointed an executive director of ALFRED DUNHILL.

★

Mr. S. D. (Jim) Wilks, formerly chief executive of the British Overseas Trade Board, Dr. Lawrence Frost, sales and marketing director of Matthew Hall Engineering and Mr. Geoffrey A. Banks, sales director of Qualter Hall, will join the Board of MATTHEW HALL INTERNATIONAL DEVELOPMENT.

★

Mr. David N. M. Andrews has been appointed a director of IBCA BANKING ANALYSIS.

★

Mr. Bernard Lilley has been appointed managing director of CARLESS EXPLORATION.

Carla Rapoport reports on the Barclay cigarette launch in the U.S.

New brand in low-tar war

U.S. CIGARETTE makers, hamstrung by a market which is practically stagnant, are brawling over market share in the fastest growing sector of their business — low- and ultra low-tar cigarettes. From a 16.7 per cent market share five years ago, sales of cigarettes with less than 15 mg of tar now account for more than half of the $12bn market. In five years, industry analysts expect the share to hit 65 per cent.

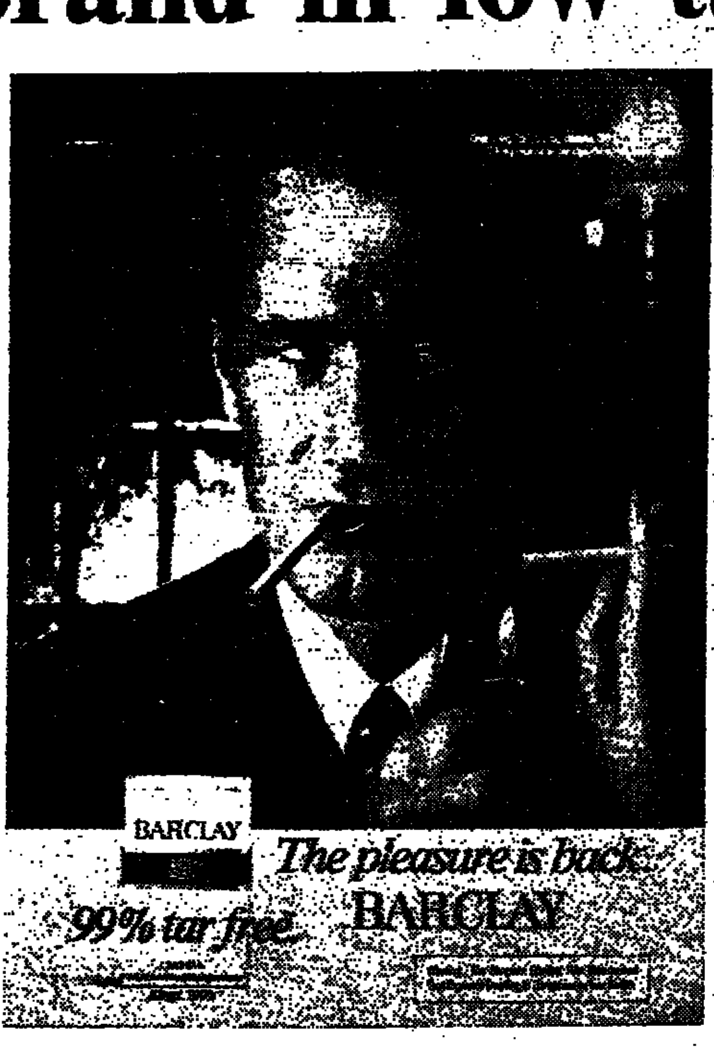
Brown & Williamson, the U.S. subsidiary of BAT Industries and the third largest U.S. cigarette manufacturer, swung into the fight this year with its ultra-low tar entrant, Barclay. Funded with well over $100m, the Barclay launch is costing twice that of any other in memory. But it looks like B & W may have cottoned on to a winner.

It's about time. B & W has seen its market shade slide from a peak near 17 per cent in 1973 to less than 14 per cent last year. Its last two launches, Fact and Artic Lites, have fizzled. As a result, there has been a fair amount of turnover in the executive suite and a palpable slump in morale at the Louisville-based company.

The qualified optimism heard from analysts and grudging competitors in the U.S. is based on a slim but tensile thread — smokers who try the cigarette say it tastes good. For a smoke with 1 mg of tar, this is something of a breakthrough. Smoking ultra-low tar (ULT) cigarettes (0-6 mg), with their ultra-strong filters, has been compared with kissing through a screen-door or running down a hill with your mouth open.

In their lavish campaign to sell Barclay, B & W has opted to push the cigarette's taste over its low-tar content. Traditionally, merchandisers of ULT have emphasised numbers and information about the relative merits of their brand, taking their cue from a National Cancer Institute official who gave a small nod to low-tar cigarettes in 1978. The best seller in this category, in fact, is called Merit, a Philip Morris brand. But B & W went overboard on such a strategy with its ill-fated Fact. This time they proposed to sell satisfaction, with the slogan "The pleasure is back."

In their Barclay ads, strewn across national U.S. magazines, B & W dispensed with mountain streams, charts and souped-up graphics and went with a man in a pin-striped suit, who is eyeing an unseen woman who's cigarette he's about to light. Then, B & W knocked the socks off industry executives by making an offer of a free carton, not packet, of the cigarette to anyone who rings a toll-free number listed in selected ads across the country. At $6 a carton and all those telephonists, the experiment is a costly one.



"They are up against the best marketers in the business, Philip Morris," says a Wall Street analyst who watches the cigarette industry. "PM has such wide distribution and shelf space established, B & W has to spend a lot more in order to muscle in." Analysts predict that the ultra-low tar market will reach 22 per cent of the total by 1985 and B & W says its aiming for no less than a quarter of that share.

For all its shelf space, however, Philip Morris is licking its wounds over Cambridge, its ULT that has failed to capture the magic 0.5 per cent reckoned necessary to maintain distributor and retailer interest in a new brand. Last year, the cigarette scraped up less than 0.3 per cent share, according to the Maxwell Report of Lehman Brothers Kuhn Loeb.

Still, Cambridge is only a minor irritant for PM which owns the number one brand in the U.S., Marlboro. Like all the major U.S. brands, there is no single Marlboro cigarette, but eight different kinds of Marlboro—something the industry calls line-extensions.

Other competitors, such as R. J. Reynolds, have moved in similar directions, if not as successfully. B & W brought out extensions of its well-known Kool brand, creating seven kinds of Kool from 9 to 16mg, but was unable to staunch the flow of smokers to other brands over the last five years.

"They got in there too late," says an advertising executive who used to work on the B & W account. Critics charge B & W with management shilly-shallying and a tradition of reluctance to stand up to the BAT parent in London for more funding. Kool Super Lights, for example, were introduced long after R. J. Reynolds' Salem Lights had been firmly established as a winner. With Kool traditionally accounting for some 75 per cent of B & W sales, it is easy to see how the company became "rut-oriented," as one critic put it.

On capital expenditure, B & W can also be accused of foot-dragging. While BAT officials in London point to a multi-million dollar complex, completed in 1977 it was the first such expansion in 50 years.

This Macon, Georgia, facility now produces Kool, while Barclay is rolled in the antiquated, down town Louisville plant built in the 1920s. This plant, which BAT recognises as inefficient, will be phased out by 1985.

About the same time as its competitors were expanding in the mid-1970s, B & W's parent was engaged in its ambitious expansion into the U.S., buying up two New York-based store chains, Gimbels and Saks, among other acquisitions. So, while B & W was sitting back on its Kool-stuffed cushion, losing momentum in the market-place, its parent's attention was somewhat diverted by its new purchases, some of which brought a fair amount of problems.

In order to firm-up its U.S. management, the company last year clumped its U.S. subsidiaries under a common holding and management group called BATUS. If ranked on its own, it would be among the top U.S. corporations. There are no plans to allow BATUS its own listing, however, and BAT Industries says BATUS now accounts for about 35 per cent of the parent's profits and sales. If B & W had been somewhat ignored in the past, BAT officials are anxious to dispel any lingering doubts on that score.

"We're not the laggard in our business, far from it," says Mr. B. P. Garraway, a director of BAT Industries who also sits on the BATUS board. "We believe our productivity is the best in the business at the Macon plant," he continued. Pointing to the company's $400m investment in the Macon facility, including a $225m programme begun last year, he said productivity (measured by number of cigarettes produced per man-hour) was now about double the industry average.

B & W alone accounted for some $1.5bn in sales last year, and provided some 20 per cent of the parent's turnover. Despite its declining position in the marketplace, the company remains profitable. And Barclay is by no means a make-or-break venture. But reduced sales and slipping share mean poor morale—in the past four years, the company has had three presidents, three vice-presidents for brand management and two vice-presidents for marketing.

Mr. Garroway attributed this turnover to a new instability in the industry, in which the old tobacco men retired and gave way to a new breed of marketing people. "We used to think only of tobacco people for our jobs," said Mr. Garroway, "now the field is much wider." For example, the man now in charge of the Barclay launch is Mr. Scott Wallace, 38, who made successes of Soup Starter and Sizzlean, a non-fattening fabricated bacon, at his last job with Swift, the U.S. food group. Mr. John Alar, president of B & W, managed the Chicle chewing gum account in his last job at Warner-Lambert, pushing it past Wrigley in the market-place.

If flavour is what low-tar smokers want, then perhaps it is most fitting that people who can market substitute bacon and chewing gum should promote a new ULT cigarette. "If they do get a brand that can claw back some market share, it will really do something for morale at B & W" said one BAT executive. The prize, some $130m in sales for each point in market share, wrested away from its competitors, is one BAT Industries and B & W should almost be able to taste.

CURRENCIES, MONEY and GOLD

Pound recovers

Sterling recovered from its early low level to finish firm against the dollar and some European currencies. The pound had been depressed in early trading after falling in the Far East ahead of today's UK Budget and expected fall in MLR, but came back partly on a weaker tendency in the U.S. dollar. Most market sources agree that sterling's current level discounts a cut in MLR to 12 per cent from 14 per cent.

European currencies were mostly firmer against the dollar, while within the European Monetary System, the D-mark was the most improved currency, displacing the French franc, which was calculated as equal second with the Dutch guilder. The Belgian franc was fixed within its cross-rate limits against the D-mark and French franc, but remained outside its "alarm bell" divergence limit, the latter being 75 per cent of the maximum permitted divergence from central rates.

Dollar drifted in late trading, reflecting an easier trend in Euro-dollar rates following Friday's further decline in U.S. money supply figures.

STERLING — trade-weighted index (Bank of England) rose to 99.1 from 98.7, having stood at 98.1 at noon and in the morning. Sterling profited from short-covering ahead of today's Budget, and after opening at $2.1880 against the dollar, it rose to a best level of $2.2170 during the afternoon before closing at $2.2135-2.2145, a rise of two cents from Friday. Against the D-mark sterling finished at DM 4.68 against DM 4.6850, but rose sharply in terms of the French franc to FFr 11.0525 from FFr 10.9950.

DOLLAR — trade-weighted index (Bank of England) fell to 100.3 from 100.8. The dollar lost ground in late trading to finish on or around its low for the day. Against the D-mark it closed at DM 2.1125 compared with DM 2.1350 on Friday, and after a high of DM 2.1370. Similarly against the Swiss franc it finished at SwFr 1.9340 against SwFr 1.9550, and Y206.0 from Y208.80 in terms of the Japanese yen.

D-MARK—A sharp rise in German interest rates, coupled with earlier intervention by the Bundesbank, has led to a recovery by the D-mark and is now the strongest currency within the European Monetary System. Previously, high foreign interest rates and Germany's continuing large balance of payments deficit had put pressure on the mark against the dollar, and within the EMS. Tension over Poland is also a market factor.—Trading was mostly quiet in Frankfurt, with the dollar fixed lower at DM 2.1342 compared with DM 2.1472 on Friday, and there was no intervention by the Bundesbank. A greater sense of calm in the domestic money market resulting from the Bundesbank's special lombard facility remaining open, has tended to steady the D-mark as speculation recedes over the possibility of sharp interest rate movements. The dollar lost ground in early trading on lower Euro-dollar rates which in turn were a reflection of a further fall in U.S. money supply figures. However, call money in Frankfurt was also slightly easier, and helped the dollar to recover.

FRENCH FRANC — Slightly weaker within the EMS just recently, and overtaken by the fast improving West German mark. The franc has been protected by a firmer trend in French interest rates, but D-mark deposit rates are now higher. The franc is now much steadier against the dollar and sterling, after recent heavy losses.—The French franc improved against sterling and the U.S. dollar at yesterday's fixing.

THE POUND SPOT AND FORWARD

March 9	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.1820-2.2170	2.2135-2.2145	0.60-0.70c dis	−3.52	2.10-2.20dis	−3.88
Canada	2.6180-2.6650	2.6505-2.6515	1.00-1.10c dis	−4.75	2.90-3.05dis	−4.49
Nethlnd.	5.14-5.23	5.18-5.19	1½-½c pm	1.45	1½-½ pm	0.77
Belgium	76.20-77.30	76.75-76.85	3c pm-7 dis	−0.31	25-35 dis	−1.56
Denmark	14.60-14.83	14.68½-14.69½	½ore pm-1 dis	−0.20	6¾-8 dis	−1.94
Ireland	1.2690-1.2870	1.2805-1.2815	par-0.13p dis	−0.61	0.43-0.64dis	−1.67
W. Ger.	4.65-4.72	4.67½-4.68½	¼pf pm-⅜ dis	−0.64	⅞-1⅞ dis	−1.18
Portugal	125.00-126.20	126.00-126.20	35c pm-60 dis	−1.19	35pm-150dis	−2.98
Spain	189.85-192.00	191.70-191.90	5c pm-45 dis	−1.25	145-205 dis	−3.65
Italy	2,251-2,283	2,273-2,275	10¾-12¾lire dis	−6.20	34½-37½ dis	−6.38
Norway	11.88-12.02	11.97½-11.98½	¾ore pm-¾ dis	—	¾ pm-¾ dis	—
France	10.97-11.11	11.04¾-11.05¾	1¾-¾c pm	1.36	1-2 dis	−0.54
Sweden	10.18-10.32	10.23½-10.24½	3-3¾ore dis	−3.96	10¾-11¾ dis	−4.22
Japan	450-458	456-457	1.95-1.70y pm	4.80	4.80-4.55 pm	4.07
Austria	32.90-33.35	33.20-33.25	4gro pm-par	0.72	par-10 dis	−0.60
Switz.	4.25-4.32	4.27¾-4.28¾	2¼-1¼c pm	4.55	4-3 pm	3.27

Belgian rate is for convertible francs. Financial franc 79.35-79.45. Six-month forward dollar 4.27-4.37c dis. 12-month 7.20-7.45c dis.

THE DOLLAR SPOT AND FORWARD

March 9	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.1820-2.2170	2.2135-2.2145	0.60-0.70c dis	−3.52	2.10-2.20dis	−3.88
Ireland†	1.7150-1.7280	1.7260-1.7280	0.35-0.45c dis	−2.79	0.80-1.05dis	−2.21
Canada	1.1978-1.1993	1.1978-1.1981	0.04-0.09c dis	−0.65	0.15-0.20dis	−0.58
Nethlnd.	2.3375-2.3615	2.3535-2.3550	1.06-0.96c pm	5.15	2.79-2.69 pm	4.65
Belgium	34.67-35.00½	34.69-34.71	11-9c pm	3.44	23-20 pm	2.47
Denmark	6.6725-6.7090	6.6900-6.6925	2.10-1.60ore pm	3.32	4.00-3.50 pm	2.24
W. Ger.	2.1100-2.1370	2.1120-2.1130	0.54-0.48pf pm	2.90	1.40-1.32 pm	2.57
Portugal	56.60-57.15	56.60-56.75	20c pm-10 dis	1.05	50 pm-30 dis	0.70
Spain	86.70-87.15	87.05-87.15	25c pm-par	1.72	10pm-20dis	−0.23
Italy	1,028-1,032	1,028-1,029	2-2¾lire dis	−2.76	5½-6½ dis	−2.33
Norway	5.4125-5.4410	5.4330-5.4345	1.90-1.40ore pm	3.64	5.60-5.10 pm	3.94
France	4.9800-5.0350	4.9825-4.9875	2.07-1.97c pm	4.84	4.30-4.10 pm	3.36
Sweden	4.6500-4.6650	4.6575-4.6585	0.05-0.25ore dis	−0.39	0.20-0.40dis	−0.26
Japan	205.95-207.30	205.95-206.05	1.40-1.25y pm	7.72	4.10-3.95 pm	7.81
Austria	15.02½-15.12	15.02½-15.03½	6.70-5.40gro pm	4.83	15.00-11.50pm	3.52
Switz.	1.9325-1.9580	1.9335-1.9345	1.37-1.27c pm	8.19	3.43-3.33 pm	6.99

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Mar. 9	Bank of England Index	Morgan Guaranty Changes%
Sterling	99.1	−26.9
U.S. dollar	100.3	−4.0
Canadian dollar	85.1	−18.4
Austrian schilling	115.8	+21.6
Belgian franc	107.3	+8.7
Danish kroner	89.3	−10.6
Deutsche mark	120.4	+41.0
Swiss franc	134.0	+74.2
Guilder	112.1	+15.0
French franc	86.5	−9.5
Lira	61.0	−53.9
Yen	147.9	+43.7

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Mar. 6	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	14	0.557789	0.542230
U.S. $	13	1.21849	1.18586
Canadian $	17.16	1.46162	1.42492
Austria Sch.	6¾	18.5089	18.0132
Belgium F.	12	42.8665	41.7051
Danish K.	11	8.22176	7.99623
D mark	7½	2.61634	2.54414
Guilder	9	2.89270	2.81463
French Fr.	9½	6.16496	5.99213
Lira	16½	1263.57	1229.73
Yen	7¼	254.786	247.785
Norwgn. Kr.	9	6.67001	6.48011
Spanish Pta.	8	106.583	103.585
Swedish Kr.	12	5.69035	5.53617
Swiss Fr.	4	2.39494	2.33021
Greek Dr'ch.	—	—	61.8505

OTHER CURRENCIES

Mar. 9	£	$		£ Note Rates
Argentina Peso	4916-4936	2255-2265	Austria	32.70-33.10
Australia Dollar	1.9075-1.9115	0.8625-0.8630	Belgium	78.75-79.75
Brazil Cruzeiro	159.52-160.52	73.01-73.38	Denmark	14.55-14.70
Finland Markka	9.07-9.08½	4.0850-4.0870	France	11.00-11.10
Greek Drachma	113.888-114.77	51.40-51.70	Germany	4.67-4.72
Hong Kong Dollar	11.76½-11.78¼	5.3340-5.3370	Italy	2240-2340
Iran Rial	165.25*	75.50*	Japan	452-458
Kuwait Dinar(KD)	0.596-0.602	0.2743-0.2745	Netherlands	5.17-5.22
Luxembourg Frc.	76.75-76.85	34.69-34.71	Norway	11.92-12.07
Malaysia Dollar	5.04-5.06	2.2870-2.2890	Portugal	121-128
New Zealand Dlr	2.4055-2.4105	1.0870-1.0880	Spain	184½-194½
Saudi Arab. Riyal	7.29-7.35	3.3485-3.3505	Sweden	10.22-10.32
Singapore Dollar	4.64-4.66	2.1045-2.1065	Switzerland	4.24-4.28½
Sth African Rand	1.7345-1.7365	0.7835-0.7845	United States	2.19¼-2.21¼
U.A.E. Dirham	7.99-8.05	3.6715-3.6735	Yugoslavia	74-76

Rate given for Argentina is free rate. * Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU March 9	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	41.8607	+4.70	+1.77	±1.53
Danish Krone	7.72336	7.97978	+3.32	+0.39	±1.64
German D-Mark	2.48208	2.54108	+2.38	−0.55	±1.125
French Franc	5.84700	5.99080	+2.46	−0.47	±1.3557
Dutch Guilder	2.74362	2.81117	+2.46	−0.47	±1.512
Irish Punt	0.668201	0.693680	+3.81	+0.88	±1.668
Italian Lira	1157.79	1229.10	+6.16	+3.38	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Mar. 9	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.214	4.680	456.5	11.053	4.283	5.185	2274.	2.651	76.80
U.S. Dollar	0.452	1.	2.114	206.2	4.992	1.934	2.342	1027.	1.197	34.69
Deutschemark	0.214	0.473	1.	97.54	2.362	0.915	1.108	485.9	0.566	16.41
Japanese Yen 1,000	2.191	4.850	10.25	1000.	24.21	9.381	11.36	4981.	5.807	168.2
French Franc 10	0.905	2.003	4.234	413.0	10.	3.875	4.691	2057.	2.399	69.49
Swiss Franc	0.234	0.517	1.093	106.6	2.581	1.	1.211	531.0	0.619	17.93
Dutch Guilder	0.193	0.427	0.903	88.04	2.132	0.826	1.	438.6	0.511	14.81
Italian Lira 1,000	0.440	0.974	2.058	200.7	4.860	1.883	2.280	1000.	1.166	33.77
Canadian Dollar	0.377	0.835	1.765	172.2	4.169	1.615	1.956	857.8	1.	28.97
Belgian Franc 100	1.302	2.883	6.094	594.4	14.39	5.576	6.751	2961.	3.452	100.

FT LONDON INTERBANK FIXING (11.00 a.m. MARCH 9)

3 months U.S. dollars		6 months U.S. dollars	
bid 16 1/4	offer 16 3/8	bid 16 3/8	offer 16 1/2

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates of $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Mar. 9	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	17-17½	15⅝-15⅞	15-16	10⅞-11	1¼-1¾	10⅜-10⅝	11¼-11¾	15-17	11-12	8¼-8½
7 days' notice	15-15½	15¾-16	15-16	11⅛-11¼	4-4½	11½-11¾	11¼-11¾	17-19	12¼-12½	8 5/16-8 11/16
Month	12¾-12⅞	15 13/16-16 3/16	16-16⅜	11 5/16-11 7/16	8-8⅛	13¼-13⅜	11⅜-11¾	18⅛-19⅛	12¾-12⅞	8½-8¾
Three months	12¼-12½	16 1/16-16 5/16	16⅞-17¼	11½-11⅝	8 9/16-9 1/16	13 1/16-13 5/16	12⅜-12¾	18⅝-19⅜	13⅞-14	8¼-8½
Six months	12 3/16-12 7/16	16¼-16½	16¼-16⅝	11½-11⅝	8⅞-9	12⅞-13	12¾-13⅛	18½-19½	14-14⅛	8⅛-8⅜
One Year	12 3/16-12 7/16	15¾-16	15¼-15⅝	11½-11⅝	8¼-8⅝	11 15/16-12 3/16	13⅛-13½	18¾-19¾	14 1/16-14¼	8 3/16-8 7/16

SDR linked deposits: one-month 13⅛-13⅜ per cent; three-months 13⅝-14 per cent; six-months 13 11/16-13 15/16 per cent; one year 13 9/16-13 13/16 per cent.

Asian $ (closing rates in Singapore): one-month 16 3/16-16 5/16 per cent; three months 16 3/16-16 5/16 per cent; six-months 16⅛-16½ per cent; one-year 15⅝-15⅞ per cent. Long-term Eurodollar two years 15¾-16 per cent; three years 15½-15¾ per cent; four years 15⅜-15½ per cent; five years 15¼-15½ per cent; nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 15.70-15.80 per cent; three-months 15.80-15.90 per cent; six-months 15.80-15.90 per cent; one year 15.40-15.50 per cent.

INTERNATIONAL MONEY MARKET

European rates ease

Interest rates showed an easier tendency overall in European centres yesterday ahead of today's UK Budget. In Frankfurt the recent re-introduction of the special lombard facility at an unchanged rate of 12 per cent relieved tension considerably. Call money was quoted at 12 per cent compared with 12.05 per cent on Friday, while three-month money eased to 14.75 per cent against 15 per cent. Trading was rather quiet as the market awaited any outcome from the meeting of Central Bank Governors in Switzerland.

In Paris call money was unchanged at 11½ per cent after a seven-month high of 12 per cent seen at the end of February. Forward rates continued to ease, reflecting a much more stable D-mark, and also a continued excess of short-term liquidity in Paris. The Bank of France has recently drained considerable funds from the market, but a number of commercial banks have still reduced their prime rate to 12¾ per cent from 13 per cent, following last week's increase to 13 per cent from 12½ per cent. Within the European Monetary System, the French franc was overtaken by the D-mark, underlining the attraction of higher short term Euro-mark deposits over Euro-franc deposits.

In Amsterdam short-term money rates fell slightly to 10¾ per cent from 11 1/16 per cent, and to 11½ per cent from 11 7/16 per cent for three-month.

UK MONEY MARKET

Small help

Bank of England Minimum Lending Rate 14 per cent (from November 24, 1980)

Day to day credit was in short supply in the London money market yesterday, and the authorities gave assistance on a small scale. This comprised purchases of commercial bills outright. The shortage was caused mainly by the repayment of very large advances to the authorities, lent last week to cover PRT payments. There was also a moderate amount of commercial bills maturing in official hands as well as small run down bank balances brought forward from Friday. On the other hand Government disbursements (including rate support grant) outweighted revenue transfers to the Exchequer by a very large amount. Discount houses were paying 14 per cent for secured call loans for most of the day.

Interest rates were mostly easier ahead of today's Budget, and expected reduction in MLR. Sterling CDs fell to 12¾-12 13/16 per cent in the one-month from 13 1/16-12 15/16 per cent on Friday, and 12 3/16-12¼ per cent from 12 11/16-12⅝ per cent in the three-month.

In the interbank market overnight money opened at 17-18 per cent and rose to 19-20 per cent before easing to 15-15½ per cent around noon. During the afternoon rates touched 15½-16 per cent before easing back to 15-15½ per cent at the close.

GOLD

Firmer trend

Gold rose by $9 an ounce in the London bullion market yesterday to close at $476-479. The metal opened at $470-473 and traded around the $473 level for much of the day. It was fixed at $473.25 in the morning and $474.25 in the afternoon. Later in the day, some short covering, notably from the U.S., pushed the metal to a best level of $477-480, before coming back slightly at the close.

In Paris the 12½ kilo bar was fixed at FFr 84,250 per kilo ($521.38 per ounce) in the afternoon compared with FFr 84,250 ($521.27) in the morning and FFr 83,800 ($515.16) on Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 32,560 per kilo ($474.02 per ounce) against DM 32,115 ($465.00) previously, and closed at $473-476 compared with $466-469 on Friday.

In Zurich gold finished at $473-476 per ounce against $466-469 previously.

	Mar. 9		Mar. 6	
Gold Bullion (fine ounce)				
Close	$476-479	(£215-216½)	$467-470	(£213-214½)
Opening	$470-473	(£215-216½)	$463-466	(£211½-212¾)
Morning fixing	$473.25	(£216.345)	$462	(£210.766)
Afternoon fixing	$474.25	(£214.399)	$467	(£212.776)
Gold Coins				
Krugerrand	$490-491½	(£221¼-222)	$485½-487	(£221¼-222)
1/2 Krugerrand	$252-254	(£113¾-114¾)	$250-252	(£114-115)
1/4 Krugerrand	$128-130	(£57¾-58¾)	$127-129	(£58-58¾)
1/10 Krugerrand	$54-56	(£24½-25¼)	$53½-55½	(£24½-25¼)
Mapleleaf	$485-486½	(£219-219¾)	$481-482½	(£219¼-220)
New Sovereigns	$119-120	(£53¾-54¼)	$118-119	(£53¾-54¼)
King Sovereigns	$137-139	(£61¾-62¾)	$139-141	(£63½-64½)
Victoria Sovs	$137-139	(£61¾-62¾)	$139-141	(£63½-64½)
French 20s	$174-177	(£78½-80)	$176-178	(£79¾-81)
50 pesos Mexico	$593-597	(£268-269¾)	$580-585	(£264½-266¾)
100 Cor. Austria	$460-465	(£207¾-210)	$452-456	(£206-208)
$20 Eagles	$596-601	(£269¼-271½)	$592-597	(£270-272¼)

MONEY RATES

NEW YORK

Prime Rate	18½
Fed. Fund	15½-16
Treasury Bills (13-week)	14.20
Treasury Bills (26-week)	13.62

GERMANY

Discount Rate	7.5
Overnight Rate	12.0
One month	14.75
Three months	14.75
Six months	13.75

FRANCE

Discount Rate	9.5
Overnight Rate	11.5
One month	11.8125
Three months	12.625
Six months	12.8125

JAPAN

Discount Rate	7.25
Call (Unconditional)	8.4375
Bill Discount (three-month)	—

LONDON MONEY RATES

Mar. 9 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ф	Eligible Bank Bills ф	Fine Trade Bills ф
Overnight	—	15-20	15½	—	—	—	14	—	—	—
2 days notice	—	—	15	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	14½-15¾	14¾	—	15¼	—	13-13¼	—	—	—
One month	12¾-12 13/16	12⅞-13⅜	12¾-13	14¼-13⅞	15⅜	13⅛	12	12 9/16	12 11/16-12⅝	13
Two months	12½-12⅝	12½-12¾	—	13⅝-12¾	15	13¼	11⅞-12	12¼	12 7/16	12¾
Three months	12 3/16-12¼	12 5/16-12⅝	12⅜-12⅛	13-12⅝	12¾	12¾	11¾-12	11 7/16	11 13/16-11¾	12⅝
Six months	12 3/16-12 1/16	12 1/16-12 3/16	12-12¼	12½-12⅛	12½	12¾	—	—	11⅝-11 7/16	12
Nine months	12⅛-11 15/16	12 1/16-12¼	—	12½-12¼	12½	12¾	—	—	—	—
One year	12-11⅞	12-12¼	12⅛-12¼	12⅜-12¼	12 7/16	12¾	—	—	—	—
Two years	—	—	12½-12¾	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 12⅞-13 per cent; four years 13-13¼ per cent; five years 13¼-13½ per cent. фBank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 11 11/16 per cent; four-month trade bills 12¼ per cent.

Approximate selling rate for one-month Treasury bills 12 21/32 per cent; two-months 12-12⅛ per cent; three-months 11 5/16 per cent. Approximate selling rate for one-month bank bills 12 23/32-12¼ per cent; two-months 11 15/16 per cent; three-months 11⅝-11 23/32 per cent; one-month trade bills 12¾ per cent; two-months 12½ per cent and three-months 12⅛ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 14 per cent from March 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 11½-12 per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 11.3912 per cent.

WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on March 9, 1981. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rates; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rates; (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

PLACE	LOCAL UNIT	VALUE OF £ STERLING
Afghanistan	Afghani	114.00
Albania	Lek	10.00
Algeria	Dinar	8.3930
Andorra	French Franc	11.0525
	Spanish Peseta	191.80
Angola	Kwanza	(CM) 71.397 / (T) 73.896
Antigua (S)	E. Caribbean $	5.92
Argentina	Ar. Peso Free Rate	4,926.0
Australia (S)	Australian $	1.9095
Austria	Schilling	33.225
Azores	Portugu'se Escudo	126.10
Bahamas (S)	Ba. Dollar	2.2140
Bahrain (S)	Dinar	0.824
Balearic Isles	Spa. Peseta	191.80
Bangladesh (S)	Taka	37.00
Barbados (S)	Babados $††	4.4280
Belgium	B. Franc	(cm) 76.80 / (fn) 79.40
Belize	B $	4.4280
Benin	C.F.A. Franc	552.625
Bermuda (S)	Bda $	2.2140
Bhutan	Indian Rupee	18.00
Bolivia	Bolivian Peso	55.35
Botswana (S)	Pula	1.6880
Brazil	Cruzeiro ‡‡	160.02
Brit. Virgin Isles (S)	U.S. $	2.2140
Brunei (S)	Brunei $	4.66
Bulgaria	Lev	2.1328
Burma	Kyat	14.75
Burundi	Burundi Franc	211.46
Cameroon Republic	C.F.A. Franc	552.625
Canada	Canadian $	2.6510
Canary Islands	Spanish Peseta	191.80
Cape Verde Isle	Cape V. Escudo	80.80
Cayman Islands (S)	Cay. Is. $	1.8450
Cent. Af. Repub.	C.F.A. Franc	552.625
Chad	C.F.A. Franc	552.625
Chile	C. Peso	(Bk) 85.41
China	Renminbi Yuan	3.5880
Colombia	C. Peso	(F) 112.75
Comoro Islands	C.F.A. Franc	552.625
Congo (Brazaville)	C.F.A. Franc	552.625
Costa Rica	Colon	19.05
Cuba	Cuban Peso	1.6190
Cyprus (S)	Cyprus £	0.8645
Czechoslovakia	Koruna	(com) 14.00 / n/c 24.38 / (T) 23.80
Denmark	Danish Krone	14.69
Djibouti	Fr.	391 (sg)
Dominica (S)	E. Caribbean $	5.92
Dominican Repub.	Dominican Peso	2.2140
Ecuador	Sucre	(O) 54.54 / (F) 65.48
Egypt	Egyptian £	(U) 1.53
Equatorial Guinea	Ekuele	383.6
Ethiopia	Ethiopian Birr	(P) 4.4750
Falkland Islands (S)	Falkland Is. £	1.0
Faroe Islands	Danish Krone	14.69
Fiji Islands	Fiji $	1.8185
Finland	Markka	9.0775
France	French Franc	11.0525
French C'tyin Af*	C.F.A. Franc	552.625
French Guiana	Local Franc	11.0525
French Pacific Is.	C.F.P. Franc	190 (sg)
Gabon	C.F.A. Franc	552.625
Gambia (S)	Dalasi	4.0
Germany (East)	Ostmark	4.68
Germany (West)	Deutsche Mark	4.68
Ghana (S)	Cedi	6.11
Gibraltar (K)	Gibraltar £	1.0
Greece	Drachma	113.9315
Greenland	Danish Kroner	14.69
Grenada (S)	E. Caribbean $	5.92
Guadaloupe	Local Franc	11.0525
Guam	U.S. $	2.2140
Guatemala	Quetzal	2.2140
Guinea Republic	Syli	44.08
Guinea Bissau	Peso	78.55
Guyana (S)	Guyanese $	5.64
Haiti	Gourd	11.07
Honduras Repub.	Lempira	4.40
Hong Kong (S)	H.K. $	11.775
Hungary	Forint	(com) 76.1468 / (T)(nc) 67.8897
Iceland (S)	I. Krona	14.900(§)
India (S)	Ind. Rupee	18.00
Indonesia	Rupiah	1,368.75
Iran	Rial	165.25(sg)
Iraq	Iraq Dinar	0.6655
Irish Republic (k)	Irish £	1.2810
Israel	Shekel	19.35
Italy	Lira	2,274.0
Ivory Coast	C.F.A. Franc	552.625
Jamaica (S)	Jamaica Dollar	3.9486
Japan	Yen	456.5
Jordan (S)	Jordan Dinar	0.697(sg)
Kampuchea	Riel	2,656.8
Kenya (S)	Kenya Shilling	18.175
Kiribati	Australian $	1.9095
Korea (Nth)	Won	2.22(ll)
Korea (Sth)	Won	1,479.5
Kuwait	Kuwait Dinar	0.599
Laos	New Kip	22.14
Lebanon	Lebanese £	8.7546
Lesotho	Loti	1.7355
Liberia	Liberian $	2.2140
Libya	Libyan Dinar	0.6585
Liechtenstein	Swiss Franc	4.2825
Luxembourg	Lux Franc	76.80
Macao	Pataca	11.60
Madeira	Portug'se Escudo	126.10
Malagasy Republic	MG Franc	552.625
Malawi (S)	Kwacha	1.8860
Malaysia (S)	Ringgit	5.05
Maldive Islands (S)	Mal Rupee	8.6065
Mali Republic	Mali Franc	1,105.25
Malta (S)	Maltese £	0.830
Martinique	Local Franc	11.0525
Mauritania	Ouguiya ‡	109.25
Mauritius (S)	M. Rupee	17.86
Mexico	Mexican Peso	51.57
Miquelon	C.F.A. Franc	552.625
Monaco	French Franc	11.0525
Mongolia	Tugrik	(o) 7.40(ll)
Montserrat	E. Caribbean $	5.92
Morocco	Dirham	10.35(sg)
Mozambique	Metical	64.85
Nauru	Australian Dollar	1.9095
Nepal	Nepalese Rupee	26.28
Netherlands	Guilder	5.185
Netherland Antilles	Antillian Guilder	3.9630
New Hebrides	See VANUATU	
New Zealand (S)	N. Z. Dollar	2.4080
Nicaragua	Cordoba	21.90
Niger Republic	C. F. A. Franc	552.625
Nigeria (S)	Naira	1.267479 (sg)
Norway	Norway Krone	11.98
Oman Sul'ate of (S)	Rial Omani	0.755
Pakistan	Pakistan Rupee	21.50
Panama	Balboa	2.2140
Papua N.Guinea (S)	Kina	1.4610
Paraguay	Guarani	275.94
Peru	Sol	exc (A) 791.14
Philippines	Philippine Peso	16.39
Pitcairn Islands (S)	£ Sterling	—
	New Zealand $	2.4080
Poland	Zloty	(Cm) 72.41 / (T) 72.41
Portugal	Portugu'se Escudo	126.10
Puerto Rico	U.S. $	2.2140
Qatar (S)	Qatar Ryal	7.96
Reunion Ile de la	French Franc	11.0525
Romania	Leu	(Cm) 10.51 / (n/c) 25.95
Rwanda	Rwanda Franc	196.205
St. Christopher (S)	E. Caribbean $	5.92
St. Helena	St. Helena £	1.0
S. Lucia	E. Caribbean $	5.92
St. Pierre	Local Franc	11.0525
S. Vincent (S)	E. Caribbean $	5.92
Salvador El	Colon	5.48
Samoa American	U.S. $	2.2140
San Marino	Italian Lira	2,274.0
Sao T'oe&Principe	Dobra	80.80
Saudi Arabia	Ryal	7.32
Senegal	C.F.A. Franc	552.625
Seychelles	S. Rupee	14.77(sg)
Sierra Leona (S)	Leone	2.4503
Singapore (S)	Singapore $	4.65
Solomon Islands (S)	Solomon Is. $	1.9160
Somali Republic	Somali Shilling	(A) 13.20
South Africa (S)	Rand	1.7355
South West African Territories (S)	S. A. Rand	1.7355
Spain	Peseta	191.80
Spanish ports in North Africa	Peseta	191.80
Sri Lanka (S)	S.L. Rupee	38.90
Sudan Republic	Sudan £ (1)	1.11
Sudan Republic	Sudan £ (2)	1.77
Surinam	S. Guilder	3.9630
Swaziland (S)	Lilangeni	1.7355
Sweden	S. Krona	10.24
Switzerland	Swiss Franc	4.2825
Syria	Syria £	(A) 8.60
Taiwan	New Taiwan $	79.70
Tanzania (S)	Tan. Shilling	18.00
Thailand	Baht	45.00
Togo Republic	C.F.A. Franc	552.625
Tonga Islands (S)	Ha'anga	1.9095
Trinidad (S)	Trinidad & Tob. $	5.3136
Tunisia	Tunisian Dinar	0.955(sg)
Turkey	Turkish Lira	213.84
Turks & Caicos	U.S. $	2.2140
Tuvalu	Australian $	1.9095
Uganda (S)	Uganda Shilling	18.15
United States	U.S. Dollar	2.2140
Uruguay	Uruguay Peso	(cm) 22.52 / (fn) 22.44
Utd. Arab Emirates	U.A.E. Dirham	8.02
U.S.S.R.	Rouble	1.5620
Upper Volta	C.F.A. Franc	552.625
Vanuatu	Vatu	167(sg)
	Aust. Dollar	1.9095
Vatican	Italian Lire	2,274.0
Venezuela	Bolivar	9.40
Vietnam	Dong	(O) 4.8265 / (T) 5.44(ll)
Virgin Islands U.S.	U.S. Dollar	2.2140
Western Samoa S.	Samoan Tala	2.1270
Yemen (Nth)	Ryal	9.88(sg)
Yemen (Sth)	S. Yemen Dinar	(A) 0.7460
Yugoslavia	New Y Dinar	70.7248
Zaire Republic	Zaire	6.829684
Zambia	Kwacha	1.8250
Zimbabwe	Zimbabwe $	1.4315

*That part of the French community in Africa formerly French West Africa or French Equatorial Africa. † Rupees per pound. ‡ General rates of oil and iron exports $3.00. ** Rate is the transfer market (controlled). †† Rate is now based on 2 Barbados $ to the dollar. ‡‡ Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt, and who are not members of IMF. (ll) Based on gross rates against Russian rouble. (1) Official rates for government transactions and specified exports and imports. (2) Parallel rate for non-government transactions and non-specified exports and imports. § One new Krona=100 old Kronur.

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WORLD STOCK MARKETS

Early Wall St. rise of 6.2

EXPECTATIONS OF a further easing in Prime Rate over the next few weeks brought a firming tendency on Wall Street yesterday morning in fairly active dealings.

The Dow Jones Industrial Average was ahead 6.20 at 970.82 at 1 p.m. while the NYSE All Common Index gained 36 cents at $74.82 and advances led declines by a five-to-four margin. Turnover came to 30.05m shares, exceeding the 28.83m recorded at 1 p.m. last Friday.

Analysts said the Prime, now at 18½ per cent at major banks, should ease following news last Friday of further slowing in growth of the money supply and weak bank loan demand. However, they said the Prime is likely to turn up again later in the year.

Ameritrust of Cleveland, cut its Prime Rate to 18 per cent, and one other small bank moved to 18 per cent on Friday.

Volume leaders Sears Roebuck put on ⅜ to $17, K Mart ⅛ to $18⅜, R. H. Macy ¼ to $49⅝ and active Tandy 1⅝ to $50½. Retailers benefit from falling interest rates, which reduce their cost of carrying inventories.

Among other actives, Telex added ⅜ to $7½, Polaroid 1⅜ to $26⅞ and Sony ½ to $17⅞.

Active Amax was unchanged at $57⅜. It surged 19⅛ on Friday on news that Standard Oil California had bid cash and stock for Amax that Socal valued at $78.50 per Amax share. Socal was unchanged at $85½.

Cone Mills fell 2⅜ to $32. Last week it said first-quarter profits would fall by half and the second-quarter would also be weak, but it forecast improvement in the second half.

THE AMERICAN SE Market Value Index rose 2.06 to 338.72 at 1 pm. Volume 2.99m shares (2.86m).

Canada

Markets tended to improve afresh in a fair turnover early yesterday, with the Toronto Composite Index adding 1.1 at 2,191.2 at noon. Oil and Gas improved 14.5 to 4,187.9 and Golds 22.7 to 3,836.5.

Volume leader Zeller's "A" was unchanged at C$18¼ on 192,871 shares. Hudson's Bay, unchanged at C$25¼, has offered C$18 a share for all Zeller's shares it does not own.

Among Golds, Campbell Red Lake put on C$1 to C$59¼ and Camflo ⅜ to C$33¼, while Dome Mines was unchanged at C$89¼.

Tokyo

Share prices closed on a mixed note after extremely thin trading in the absence of market-affecting news.

The Nikkei-Dow Jones Average, which was 16.20 easier in Saturday's half-day session, edged up 3.74 to 7,068.73. The Tokyo SE index, which lost 1.89 on Saturday, hardened 0.57 to 507.94, but declining issues on the First Market section narrowly outscored gains yesterday by 306 to 299. Trading volume was only 150m shares, against last Friday's 270m.

Light Electricals displayed renewed firmness, while selective support left a few Optical Fibre Manufacturers, Precision Instruments, Pharmaceuticals, Oils and Non-ferrous Metals higher.

Tanabe Pharmaceutical rose Y19 to Y820, Takeda Y12 to Y846, Okuma Machinery Y23 to Y300, Sumitomo Electric Y4 to Y388, Minolta Y27 to Y849, Canon Y17 to Y835, Sony Y60 to Y3,520, Pioneer Electronic Y80 to Y3,040 and Olympus Y20 to Y1,270.

In contrast, large-capital issues and Electric Powers lost ground on profit-taking, while Shippings and Cements also tended to ease. Toshiba shed Y4 to Y229 and Kansai Electric Power Y20 to Y950.

Germany

After last week's depressed performance, shares generally picked up yesterday in increased trading, helped by a return of foreign buyers and a stronger Domestic Bond market. The Commerzbank index recouped 3.5 at 672.2.

Schering paced higher Chemicals with a rise of DM 3.90, while BASF put on DM 80 and Ruetgerswerke DM 1.00.

Karstadt rose DM 3.50 in Stores, Siemens DM 2 in Electricals and Volkswagen DM 2.20 in Motors, but BMW lost DM 2.

On the Domestic Bond market, Public Authority Loans strengthened by as much as DM 1 and the Bundesbank sold a net DM 71.5m of paper, after sales of DM 10.8m last Friday. Mark Eurobonds were also firmer.

Hong Kong

Stocks staged a fresh retreat in moderate activity yesterday, the first ful day of trading for four months. Trading sessions had been previously shortened to alow brokers to catch up with a backlog of paper work caused by extremely heavy dealings.

The Hang Seng index receded 43.33 to 1,347.35, while turnover on the four exchanges contracted to HK$361.02m from last Friday's total of HK$472.99m.

The market's bearish sentiment yesterday stemmed from disappointment over last Friday's decision to leave Hong Kong interest rates unchanged and continuing nervousness about Government moves to introduce shareholding disclosure laws.

Jardine Matheson lost 70 cents to HK$20.30, Swire Pacific "A" 20 cents to HK$13.20, Hutchison Whampoa 40 cents to HK$15.00, HK Bank 30 cents to HK$20.70 and Cheung Kong HK$1.00 to HK$26.50.

Trafalgar shed 25 cents to HK$5.75 and Sun Hung Kai Properties 70 cents to HK$14.80.

Paris

The recent firming trend continued in moderate trading, aided by the decline in French money market rates. The CAC General index rose 1.1 to 111.9.

Portfolios, Foods, Constructions, Metals, Stores and Oils were mainly in demand, although some scattered selling was observed among Electrical, Chemical, Textile and Transportation issues.

The day's star performer was the Steels concern Sacilor, which shot up 19 per cent to FFr 14.6 on indications that a solution has been reached for the company's role in the Government's programme for restructuring the French special steels industry.

Australia

Markets were again firmer-inclined, and some key Resources stocks advanced following renewed interest in London and higher Gold and Commodity prices. However, trading was rather quiet with the Melbourne stock exchange closed for a Labour Day holiday.

The Australian All Ordinaries index improved 6.1 to 653.2 and Metals and Minerals 11.0 to 569.2.

BHP ended 35 cents stronger at A$13.15, after trades at A$13.25, while the new rights shares put on 25 cents at A$3.95, a discount of 20 cents when added to the A$9.00 exercise price.

CSR gained 6 cents to A$3.48, while among Minings, MIM rose 20 cents to A$3.90, Western Mining 7 cents to A$4.60, North BH 5 cents to A$3.07 and CRA 10 cents to A$4.25.

In the Gold Minings group, Central Norseman climbed 20 cents to A$6.50, GMK 10 cents to A$5.80 and Poseidon 15 cents to A$4.00.

Uranium issues were mostly higher, but Pancontinental lost 20 cents to A$10.50 and EZ 10 cents to A$5.20.

In the Oil and Gas sector, Hartogen advanced 16 cents to A$8.40, Bridge Oil 14 cents to A$6.40 and Woodside 4 cents to A$2.34, but Strata Oil receded 28 cents to A$3.20.

Johannesburg

Responding to an improvement in the Bullion price, Gold shares regained further ground although trading was quiet with little overseas interest noted.

Heavyweight gains stretched to R2.25, as in F. S. Geduld, R47.50. Libanon put on 75 cents to R17.25 despite news of a 15 per cent production cut following an underground fire.

Closing prices for North America were not available for this edition.

NEW YORK

CANADA

BELGIUM/LUXEMBOURG

DENMARK

FRANCE

GERMANY

HOLLAND

ITALY

NORWAY

SPAIN

SWEDEN

SWITZERLAND

AUSTRALIA

HONG KONG

JAPAN

SINGAPORE

SOUTH AFRICA

BRAZIL

AUSTRIA

Indices

NEW YORK ACTIVE STOCKS

COMMODITIES AND AGRICULTURE

Glasshouse protest planned

By Our Commodities Staff

ANGRY BRITISH glasshouse growers will hold a rally outside the Ministry of Agriculture on Friday to protest at unfair competition from Dutch growers resulting from subsidised energy costs.

The National Farmers' Union, whose president, Mr. Richard Butler, will lead the protest, expects hundreds of British producers to join the rally.

A union delegation also including Mr. Peter Pearson, chairman of the NFU central horticultural committee, will meet Mr. Peter Walker, the Agriculture Minister, to complain that their members cannot compete with the Dutch whose artificial prices give them an advantage estimated at £10,000 an acre.

The union has been pressing for action fro mthe EEC Commission to stop unfair Dutch practices which have resulted in an alleged "flood" of cheap imports. Other EEC countries have already given their growers temporary financial assistance to enable them to meet the Dutch competition, and the NFU wants similar aid for British producers.

UK farmland cheaper

By Our Commodities Staff

VACANT POSSESSION farmland ended 1980 10 per cent cheaper than at the start of the year, according to the latest issue of Farmland Market, which is published jointly by Farmers Weekly and the Estates Gazette. But the average price for the whole year was 4 per cent up on the 1979 average. The average ended the year at £1,417 an acre.

The magazine blamed the fall on the economic recession, high interest rates and declining farming profits. It noted a substantial widening in the gap between high quality and low quality land with top class farms fetching no more than 5 per cent less and poor farms losing 15-30 per cent in value.

Rent rises were running at about half the normal level, and overseas buying interest was "virtually nil" due mainly to a strong pound.

Farmland Market noted that land prices held up better at auction than in private treaty sales. Auction prices were down only 3 per cent between the beginning and end of the year.

Tin talks gloomy opening

BY BRIJ KHINDARIA IN GENEVA

NEGOTIATIONS ON a new International Tin Agreement, to replace the existing pact that expires in June 1982 after being extended for a year, opened on a pessimistic note here.

Mr. Peter Lai, chairman of the negotiating conference, in a brief opening statement pointed out that even if the current talks succeeded in reaching agreement before the closing date of March 27, little time would remain for ratification of any pact to be completed.

Moreover several delegates are already suggesting a further session of talks will be needed to reach agreement on the terms of a new pact.

The largest cloud overshadowing the talks is the attitude the new Reagan Administration in the U.S. will take towards the tin agreement and towards commodity agreements in general. European Community officials visited Washington last week to persuade the Reagan team not to black progress towards a tin accord. They apparently got such a commitment, but the U.S. has not said whether it accepts the need for a new Agreement. It has only agreed not to stand in the way if its views are taken into account.

Tin-producing countries appeared divided in their approach to the talks. Bolivia said that delegates should first focus on secondary matters, such as the role of export controls, methods of buffer stock operation, role of price stabilisation, sale of strategic stocks and voting rights.

Key disputes among producers and consumers concerning buffer stock size, price levels and financing should be dealt with later, after the secondary issues are settled. Indonesia supported Bolivia.

But the largest producer, Malaysia, speaking for all producers, took a softer line. It said producers were willing to accept certain compromise proposals put forward by the chairman in the interests of co-operation at the end of the last negotiating conference last year.

Fall in Straits price

TIN PRICES fell heavily in Malaysia over the weekend, but London values held firm yesterday on the London Metal Exchange. The Straits tin price in Malaysia was cut by 0.25 cents to $30.05 a kilo, just above the lower range ($27.28 to $30.01) of the International Tin Agreement where the buffer stock is a net buyer of tin to defend the "floor" of $27.28.

However on the London Metal Exchange cash tin closed £7.5 *higher at £6,047.5 a tonne*. This was in spite of a rise in tin stocks held in LME warehouses of 120 tonnes raising total holdings to 6,630 tonnes.

Lead stocks fell by 1,000 tonnes to 60,675 tonnes, but the decline was less than market forecasts. At the same time it was announced that the strike by miners at the Broken Hill lead-zinc mining complex in Australia had been referred to arbitration bringing hopes of a settlement being worked out.

In West Germany, Preussag said it was calling off the planned four-week period of short-time work at its Harz smelter because of the improved market situation. In the U.S. further producers raised their domestic lead prices by 2 cents to 36 cents a lb.

Copper stocks in LME warehouses fell by 700 to 118,600 tonnes. Aluminimum stocks were cut too by 875 to 46,500 tonnes, while LME silver holdings declined by 430,000 to 24,170,000 ounces. Zinc stocks rose by 1,000 to 60,675 tonnes and nickel by 90 to 4,158 tonnes.

Italy delays farm deal decision

BY LARRY KLINGER IN BRUSSELS

THE THREAT of an Italian veto still hangs over the package of agriculture measures agreed a fortnight ago by the other nine EEC member countries.

The measures include a new Community-wide marketing scheme for sugar, continued New Zealand butter imports into Britain, an increase in EEC frozen beef imports, mainly from Australia, and aids to underdeveloped regions including Northern Ireland and the Western Isles of Scotland.

The Italians were to have replied formally yesterday on their reservations concerning the proposed sugar regime. However, they made known instead that, while they were still maintaining their reservations, they were willing to discuss the issue further rather than insisting that the entire package be referred back to the Council of Agriculture Ministers.

The measures were grouped together at the last Council of Ministers in an attempt to clear the decks for the annual bargaining over EEC guaranteed farm prices to begin in earnest on March 16 and 17.

The danger is that if no accommodation can be reached quickly the package will delay, or at least become embroiled in, the farm price discussions and possibly reopen the Anglo-French quarrels over the butter and beef issues.

Italy maintains that it would be impossible to implement the sugar arrangements as they stand without unacceptably increasing its food deficit problems.

In Verona, Sr. Giuseppe Bartolemei, the Italian Agriculture Minister, yesterday attacked EEC commission proposals for taxes and other measures to curb surplus EEC farm production.

The proposals would penalise Italian farming and perpetuate the inequalities and injustices of the Common Agricultural Policy, he told an agricultural seminar.

The leaders of numerous farming organisations also attacked the Commission proposals, in what EEC diplomats said appeared to presage a large scale Italian campaign against them in the EEC's annual farm price negotiations later this month.

● World sugar values lost ground again on the London futures market yesterday falling to the lowest level for five months at one stage. The August position closed nearly £10 down at £234.40 a tonne after trading as low as £233.

The market was unsettled by a preliminary estimate from F. O. Licht, sugar statistician, suggesting that supply and demand in the world sugar free market could be in balance during 1981 with a possible small surplus of some 700,000 tonnes available over import requirements.

Attempt to break fish impasse

By Richard Mooney

M. GASTON THORN, president of the EEC Commission paid flying visits to England and France yesterda yin an attempt to find common ground between the two countries on which to build in this week's Brussels fisheries talks.

M. Thorn met Lord Carrington, the Foreign Minister, and Mr. Peter Walker, the Agriculture Minister, at Northolt Airport before flying back across the Channel fo rtalks with French Ministers. He was accompanied by Mr. Georges Kontageorgis, the EEC Fisheries Commissioner.

Ministry of Agriculture officials said M. Thorn showed "sympathy" for Britain's point of view over access to its proposed 12-mile exclusive zone aid hoped it would be possible to find a formula to break the deadlock in Common Market fisheries negotiations.

With EEC catch shares and conservation measures more or less agreed the access question is now the only big obstacle to agreement of a Common Fisheries Policy (CFP) facing ministers at the meeting in Brussels today and tomorrow.

Britain is seeking permanent and exclusive rights for its fishermen within the 12-mile band round its coast, except for minimal access for Continental vessles which have traditionally fished in certain areas within the band. Latest EEC proposals, however, have suggested much more substantial access for foreign vessels, in line with French demands, and renegotiation of 12-mile zone arrangements after 10 years.

This is likely to be flatly rejected by Mr. Walker.

Mr. Austen Laing, director-general of the British Fishing Federation, which represents the deep-sea fleet, yesterday described the Commission plan as "quite hopeless," and said it provided no basis for a satisfactory solution to the dispute.

Mr. Nigel Atkins, chairman of the National Federation of Fishermen's Organisations, representing the inshore men, said it was "ludicrous." Mr. Atkins added tht it would give virtually unrestricted access to Continental fishermen outside six miles and would negate any advantage Britain might have gained from the CFP.

N Z WOOL

Growing stockpile buying supports prices

BY DAI HAYWARD IN WELLINGTON

NEW ZEALANDS' wool stockpile is growing rapidly this season as the New Zealand Wool Board maintains a determined policy to keep up prices.

Even with strong Board support, prices at the Auckland sale on Thursday last week were 20 cents to 25 cents a kilo lower than at the same time last year. However, they were kept in line with prices of the January Auckland sales and were just marginally weaker than prices at the Christchurch sale at the end of February. Average price in Auckland sales on January 23 was 229 cents a kilo.

This week it was around 235 cents a kilo. The adjusted weighted average for all wool types this season is 243 cents a kilo demand and prices for lamb's wool at Auckland were firmer than for fleece wools.

By intervening strongly and showing it is not prepared to let prices slide, the Wool Board frequently forced buyers to go higher than the original intention, to get the wool they wanted.

The Board has been extremely active bidding and buying at sales this year. At Auckland it bid on 69 per cent of the 16,900 bales offered and ended by buying 25 per cent. There is no doubt there would have been a considerable slide in prices if the Board had not been competing strongly.

The stockpile has almost doubled since the season began. It now stands at more than 220,000m bales.

It is certain to go higher because the Wool Board is prepared to carry on buying if necessary. It has ample financial resources to do so, and is not afraid of seeing a stockpile accumulate, although naturally it would prefer to see the wool flowing on to the market.

The Board believes the market is being depressed by a mood of pessimism and it will continue to intervene at what it believes to be a reasonable price level.

Board support is unlikely to be able to prevent an overall drop in the average price for this season. Last season the average was 265c a kilo. It is now 243c a kilo. At Auckland last Thursday it was 235c for the sale.

Woolmen think the seasonal average for this year will be somewhere around 245c a kilo, as they expect a quickening of interest later in the season with more demand for some of the wools coming forward.

Main buying interest over the past few sales has been from the Soviet Union and Eastern Europe. Western Europe was also fairly active last week. New Zealand factories and scouring works, which are now getting back into full operation after their long summer holidays and the industrial turmoil of late February and early March, are now replenishing their stocks.

The New Zealand Wool Board would like to see Japanese buyers coming back into the market in some strength.

It must be remembered the New Zealand wool clip has increased this season, and this too may have had some dampening effect on prices. Overall the New Zealand wool market at present is in buyer and buyer country favour, but the Board will ensure there is no collapse of the market and the seller's position could improve at later sales this season.

Coconut trade in the doldrums

BY RICHARD COWPER IN MANILA

A FURTHER increase in Philippine coconut production this year will not hide the fact that a continuing slump in world copra and coconut oil prices will keep the value of the crop down to below 1978 levels. The Philippines accounts for nearly 80 per cent of world coconut oil exports, and over 30 per cent of world copra exports.

The Philippines, the world's largest producer and exporter of coconuts, increased production of coconut products last year by over 10 per cent to an estimated 2.1m tonnes measured in copra equivalent. The gain which came after an extremely poor crop in 1979 largely caused by low rainfall, is still well below peak output of nearly 2.6m tonnes produced in 1977.

The industry is forecasting a further production increase of around 10 per cent this year, which should bring output to over 2.3m tonnes in 1981.

Export volume grew by 13 per cent to 1.7m tonnes, according to newly released figures by the United Coconut Association of the Philippines (UCAP), the industry's main research body. But a slump in copra and coconut oil prices meant that export earnings fell nearly 20 per cent to $808m from over $1bn in 1979.

The average annual price on the world market of a metric tonne of coconut oil, the Philippines, main coconut product export, fell over 30 per cent to $818 per metric tonne fob in 1980. More dramatically, the price fell from a 1979 high of $1,011 per metric tonne fob in July to $550 per metric tonne by December last year—a fall of nearly 50 per cent.

Weak demand and an abortive attempt to stockpile huge amounts of coconut oil by Philippine exporters in a bid to push up a declining world price, are said to be the main reasons for the decline in the price last year. Three west coast commodity firms which traded in Philippine coconut oil are currently facing anti-trust suits in the U.S. With production expected to increase this year and "large amounts" of coconut oil still believed to be in storage, UCAP says that prices are likely to remain low for at least the next six months.

Philippine coconut oil exports grew 13 per cent in volume last year to 1.45m tonnes of copra equivalent, but fell 23 per cent in value to $565m. UCAP is forecasting production of 1.7m tonnes in 1981. Copra exports fell 15 per cent in volume to 123,000 tonnes and slumped 46 per cent in value to $48m. Copra exports are unlikely to increase this year despite an overall production gain because of the Philippine Government's policy of keeping crushing inside the country.

Export volume of dessicated coconut grew 36 per cent to 136,000 tonnes of copra equivalent, but value only increased 13 per cent to $116.8m.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Little changed on the London Metal Exchange, with the market tending to move in line with currency fluctuations. Forward metal opened at £825.5 and dipped to £824.5 on the morning Kerb. In the afternoon the price moved narrowly before closing at £824. Turnover: 17,900 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	808-.5	+5.5	802.5-3.5	+1
3 months	824-.5	+8	825-.5	+1.5
Settlem't	802.5	+5.5	—	
Cathodes				
Cash	798-800	+4.5	800-1	......
3 months	811-2	+6	813-.5	+.75
Settlem't	800	+5	—	......
U.S. Prod	—		*81.5-85	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £804.5, 04, 03.5, 03, 02, 02.5, three months £825.5, 25, 24, 23, 23.5, 24, 25, 24. Cathodes, three months £812. Kerb: Wirebars, three months £824, 25, 24.5. Afternoon: Wirebars, cash £802.5, three months £826, 25.5, 25, 25.5. Cathodes, three months £813. Kerb: Wirebars, three months £825.5, 25, 24.

TIN—Firmer as physical demand lifted forward metal from £6,140 to £6,170 before a close on the late Kerb of £6,165. Turnover: 1,405 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6055-60	-27.5	6045-50	+7.5
3 months	6160-5	-40	6165-70	+.5
Settlem't	6060	-50	—	......
Standard				
Cash	6055-60	-27.5	6045-50	+7.5
3 months	6160-5	-40	6165-70	+.5
Settlem't	6060	-50	—	......
Straits E.	‡$30.05	-0.25	—	......
New York	—	......	—	

Morning: Standard, cash £6,055, three months £6,155, 60, 65. Kerb: Standard, three months £6,165, 70. Afternoon: Standard, three months £6,150, 55, 50, 45, 50, 60, 65, 70. Kerb: Standard, three months £6,160, 65.

LEAD—Steady as bear covering and demand for cash material held forward metal above the £340 level prior to a close of £341.5. Turnover: 8,750 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	334-.5	+.75	335-6	+.5
3 months	341-.5	+1	342.5-3	-.5
S'ment	334.5	+.5	—	......
U.S. Spot	—	......	*34	......

Morning: Cash £333, 33.5, 34, three months £341, 40.5, 41. Kerb: Three months £342, 41.5, 42. Afternoon: Three months £341, 42, 42.5, 43, 42.5. Kerb: Three months £343, 42, 41.5.

ZINC—Held steady with forward metal finally quoted at £347 on the late Kerb despite the sharp rise in sterling. Turnover: 5,125 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	336-7	+7	338-.5	+.75
3 months	347-.5	+2.5	348.5-9	+1
S'ment	337	+2	—	......
Primw'ts	—	......	*41.5	......

Morning: Three months £347. Afternoon: Three months £347, 47.5, 48, 49, 49.5, 49, 48.75, 48. Kerb: Three months £349, 48.

ALUMINIUM—Easier following the rise in sterling which prompted light selling and left three months at £658.5 on the late Kerb. Turnover: 9,975 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Spot	660-2	-.5	655-6	-6
3 months	670.5-1	......	652.5-3	-9

Morning: Three months £671, 70.5, 71. Kerb: Three months £671. Afternoon: Three months £668, 67, 66, 65, 64, 63, 62.5. Kerb: Three months £662, 61, 60, 58, 59, 60, 61, 60, 59.5, 58, 58.5, 59, 60.

NICKEL—Lower owing to currency considerations which encouraged persistent selling in the afternoon and left forward metal at £2,815 on the Kerb. Turnover: 630 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
Spot	2837-40	-18.5	2810-20	-30
3 months	2835-40	-5	2805-10	-25

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

Morning: Cash £2,845, 2,838, three months £2,835, 30, 33, 35. Afternoon: Cash £2,820, three months £2,825, 20, 15, 10, 05. Kerb: Three months £2,815, 10.

SILVER

Silver was fixed 10.95p an ounce higher for spot delivery in the London bullion market yesterday at 539.05p. U.S. equivalents of the fixing levels were: spot $11.803, up 25.3c; three-month $12.273, up 22.4c; six-month $12.789, up 20.5c; and 12-month $13.599, up 20.5c. The metal opened at 537p-546p ($11.75-$11.96) and closed at 537p-546p ($11.90-$12.10).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	539.05p	+10.9	548.5p	-1.5
3 months	555.35p	+10.8	558.5p	+0.75
6 months	575.25p	+10.6	—	......
12 months	601.00p	+10.2	—	......

LME—Turnover 196 (132) lots of 10,000 ounces. Morning: three months 555, 56, 57. Kerbs: three months 556.5, 58. Afternoon: three months 558, 61, 61.5, 62, 61, 60, 58.5, 59. Kerbs: three months 558.

COCOA

Although steadier at the opening cocoa futures found no sustained support and in quiet trading eased back to unchanged at the close. Physicals failed to attract either producers or consumers at current levels, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
March	835-836	-7.0	849-836
May	913-914	-1.0	920-912
July	944-945	-1.0	952-945
Sept.	965-966	-2.0	972-965
Dec.	994-995	-3.0	002-994
March	1017-18	-2.0	1024-18
May	1035-36	-3.0	1042-35

Sales: 2,364 (3,792) lots of 10 tonnes.

ICCO Futures—Daily price for March 6 93.60 (93.17); five-day average 93.72 (94.01).

COFFEE

London opened slightly lower and continued to trade in a narrow range throughout the rest of a very disappointing morning session, reports Drexel Burnham Lambert. Afternoon dealings were more active in an easier market, trading was generally mixed and consisted mostly of switch and arbitrage dealings in rather better volume.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
March	1006-07	-17.0	1019-06
May	1027-29	-11.5	1042-26
July	1033-35	-19.0	1051-32
Sept	1048-50	-15.5	1065-48
Nov	1050-54	-13.5	1067-50
Jan	1055-70	-4.0	—
March	1040-60	-16.5	1057-50

Sales: 1,958 (990) lots of 5 tonnes.

ICO Indicator prices for March 6 (U.S. cents per pound): Other Mild Arabicas 125.00 (same); Robustas ICA 1976 113.75 (114.25); ICA 1968 114.00 (114.50). Unwashed Arabicas unquoted. Comp. daily ICA 1968 unquoted.

GRAINS

LONDON GRAIN FUTURES—Continued buying from commercial and shipper sources forced old-crop wheat values higher. Barley saw quiet trading with sellers stopping any rally and values closed marginally up. New crops opened unchanged and hedge selling eased values slightly, reports Acli.

WHEAT			BARLEY	
Mnth	Yesterd'ys close	+ or —	Yesterday's close	+ or —
Mar	112.05	+1.40	99.05	+0.20
May	114.00	+0.95	101.15	+0.15
July	117.60	+1.0	—	—
Sep	99.25	-0.20	94.05	-0.10
Nov	102.90	-0.15	97.85	-0.05
Jan	106.75	-0.20	101.70	-0.10

Business done—Wheat: March 112.00-111.45, May 114.05-113.40, July 117.75-117.10, Sept. 99.40-99.40, Nov. 103.15-1/3.15, Jan. 106.75 one trade. Sales: 305 lots of 100 tonnes. Barley—March 99.10-98.95, May 101.40-101.10, July no trade, Sept. 94.35-94.05, Nov. 97.85-97.85, Jan. 101-85-101.75. Sales: 130 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Hard Winter 13½ per cent Mar. 106.25, April 106.50 transhipment east coast. Maize: French Mar. 123 transhipment east coast. S. African Yellow Mar./April 89.50. Barley: English feed fob April/June 105.75 seller. Rest unquoted.

HGCA—Locational ex-farm spot prices: Feed barley: Eastern 96.40, E. Midlands 97.00, N. East 97.80, Scotland 94.70. Other milling wheat: E. Midlands 110.00. The UK Monetary Coefficient for the week beginning Monday March 16 is expected to remain unchanged.

RUBBER

The London physical market opened about unchanged, but eased throughout the day on stronger sterling, closing quiet. Lewis and Peat reported an fob April price for No. 1 RSS in Kuala Lumpur of 299.5 (299) cents a kg and SMR 20 at 265 (same) cents.

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
Apr.	60.00-61.50	61.60-62.20	—
May	61.10-61.90	62.50-63.50	—
Apr-Jne	61.70-61.80	62.50-62.60	62.50-61.70
Jly-Sept	65.10-65.20	65.80-65.90	66.00-65.10
Oct-Dec	68.10-68.20	68.70-68.80	69.00-68.00
Jan-Mar	70.90-71.10	71.50-71.80	70.80
Apl-Jne	73.50-73.60	74.40-74.70	74.60-73.40
Jly-Sept	76.20-76.60	76.80-77.00	77.00
Oct-Dec	78.80-79.20	79.50-79.90	—

Sales: 349 (693) at 15 tonnes. None at 5 tonnes. Physical closing prices (buyer) were: Spot 58.75p (59.00p). April 62.50p (63.25p). May 63.75p (64.50p).

WOOL FUTURES

BRADFORD WOOL—Prices are still moving in line with the fluctuating sterling/dollar rate, but there has been no general adjustment since the market is now waiting for the Budget before making alterations. Business remains quiet.

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). Australian cents per kilo. Mar. 491.5, 492.0, 492.0-490.0, 80; May 481.5, 482.0, 483.0-480.5, 69; July 490.0, 491.0, 489.5-487.8, 124; Oct. 484.5, 486.0, 485.5-482.1, 48; Dec. 488.5, 490.0, 490.0-488.0, 34; Mar. 495.0, 497.0, 495.0-495.0, 14; May 500.5, 502.0, —, —; July 506.0, 507.0, 508.0-505.0, 7. Sales 376.

LONDON NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business, sales). New Zealand cents per kilo. Mar. 340, 355, nil, nil; May 351, 354, nil, nil; Aug. 362, 366, 363, 2; Oct. 368, 375, nil, nil; Dec. 374, 377, 377-375, 6; Jan. 380, 383, nil, nil; Mar. 380, 384, nil, nil; May 382, 387, nil, nil; Aug. 383, 385, nil, nil. Sales 8.

SOYABEAN MEAL

The London market opened slightly better on short-covering, reports T. G. Roddick. Prices remained steady despite stronger sterling on trade and consumer buying particularly in nearby months, closing with gains of up to £2.50.

	Yest'rd'ys Close	+ or —	Business Done
	£ per tonne		
April	126.20-26.4	+2.80	125.30-25.80
June	128.30-28.5	+1.05	128.40-25.30
August	128.30-28.4	+0.85	128.50-27.50
October	129.20-28.8	+1.25	129.50
December	130.50-34.0	+1.75	—
February	130.00-36.0	+1.50	—
April	131.00-38.0	+1.60	—

Sales: 197 (119) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar £239.00 (£240.00) a tonne cif for March-April shipments. White sugar daily price was £270.00 (same).

Heavy selling developed in August and October which touched new lows. Stop-loss liquidation was touched off at £239 basis. May which fell to $236.50 very quickly. Later, some of the losses were recovered but the market remained on the defensive and prices eased again on the close, reports C. Czarnikow.

No. 4 Contract	Yest'rdy's Close	Previous Close	Business Done
	£ per tonne		
May	258.75-58.80	247.00-47.25	248.00-38.50
Aug	254.50-54.60	244.20-44.25	245.00-33.00
Oct	232.25-32.50	240.75-41.00	241.00-30.50
Jan	217.50-18.00	226.00-27.00	226.00-18.00
March	217.75-18.25	226.00-27.00	225.50-17.00
May	217.50-18.50	228.00-26.50	220.00-18.00
Aug	217.00-18.50	225.00-26.50	—

Sales: 8,712 (7,203) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.5 (same) a tonne for home trade and £317.00 (£320.00) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port. Prices for March 6. Daily price 21.61 (21.56): 15-day average 23.00 (23.22).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 38 tonnes. Activity remained at minimal levels, with little sign of users wanting to extend engagements, particularly before the Budget. Minor pressure was exerted for specialised growths with African styles predominating.

JUTE

JUTE—March c and f Dundee: BWC £242, BWD £199, BTB £300, BTC £244, BTD £201. C and f Antwerp: BWC $535, BWD $430, BTB $642, BTC $534, BTD $438. Jute goods c and f Dundee: March 40 in. 10 oz. £10.55, 40 in. 7.5 oz. £8.15. B Twills £30.20.

POTATOES

LONDON POTATO FUTURES—The market was quiet, all positions firmer. April continues to show no trend with traders very uncertain, reports Coley and Harper. Closing prices: April 59.20 +30 (high 59.60, low 59.10): Nov. 56.80 +80 (high 56.90, low 56.00); Feb. 66.90. Turnover: 56 (171) lots of 40 tonnes.

TEA AUCTION

LONDON TEA AUCTION—49,978 packages were on offer at yesterday's auction. A fair demand prevailed. Assams opened hesitant but closed strongly with dusts and coloury lines 2p-4p dearer. Plain Bangladesh teas were neglected but brighter types often advanced. East Africans met with limited competition and generally lost 2p-4p. Malawi teas also tended lower, while Mozambique orthodox sorts opened steady but closed easier. Brighter Ceylons were well supported at dearer rates but plainer lines closed easier. Quotations: Quality 118p a kilo (125p a kilo); Medium 105p (108p); Plain 63p (63p).

PRICE CHANGES

	Mar. 9 1981	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1445/1475	......	$1450/460
Copper			
Cash w'bar	£803	+1	£795
3 mths	£825.25	+1.5	£817.75
Cash Cathode	£800.5	......	£792
3 mths	£813.25	+0.75	£803.5
Gold troy oz	$477.5	+9	$516.5
Lead Cash	£335.5	+0.50	£299.5
3 mths	£342.75	-0.50	£308.25
Nickel	£3,358.65	......	£3,226.57
Freemkt	275/290c	......	280/295c
Platin'mtr'y oz	£213.50	......	£202
Freemkt	£205.15	+5.55	£218.45
Quicksilver†	$400/410	......	$385/395
Silver troy oz	539.05p	+10.95	594.80p
3 mths	555.35p	+10.65	613.50p
Tin Cash	£6,047.5	+7.5	£5,950
3 mths	£6,167.5	+0.50	£6,067.5
Tungsten 22.04lb	$145.47	......	$144.72
Wolfrm 22.04 lbs	$151/155	......	$148/151
Zinc Cash	£338.25	+0.75	£318
3 mths	£348.75	+1	£329.25
Producers	$825	......	$823
Oils			
Coconut (Phil)	$585x	......	$605v
Groundnut	‡	......	‡
Linseed Crude	£418	......	£400
Palm Malayan	$605r	+7.5	$625y
Seeds			
Copra Philip	$395	......	$420
Soyabean(U.S.)	$308x	......	$314w
Grains			
Barley Futures	£101.15	+0.15	£99.40
Maize			
French	£123	......	£123
Wheat			
No 1 Red Spg	‡	......	‡
No2 HardWint	£106.25	......	£05.50w
Eng. Millingt	‡	......	‡
Other commodities			
Cocoa ship't	£999	-1	£939
Future May	£913.5	-1	£879.5
CoffeeF t'May	£1028	-11.5	£1001.5
Cotton A.Index	93.05c	-0.20	97.20c
Rubber (kilo)	58.75p	-0.25	56.00p
Sugar (Raw)	£239	-1	£265
Woolt'ps 64s kl	324p kilo	+2	309p kilo

† Unquoted. u May-June. x March-April. v May. y April. z Indicator. § Buyer. ‡ Per 46-lb flask. * Nominal.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 72.4 to 76.6. Eire hindquarters 88.0 to 90.0, forequarters 57.0 to 59.5. Veal: Dutch hinds and ends 109.0 to 111.0. Lamb: English small 63.0 to 78.0, medium 69.0 to 75.0, heavy 62.0 to 70.0. Imported frozen: NZ PL 54.5 to 58.0, PM 54.0 to 55.0. Pork: English, under 100 lb 43.0 to 51.0, 100-120 lb 43.9 to 49.5, 120-160 lb 39.6 to 48.0.

MEAT COMMISSION—Average fatstock prices at representative markets on March 9. GB: Cattle 89.35p per kg lw (−1.20). UK: Sheep 167.34p per kg est dcw (−8.15). GB: Pigs 71.28p per kg lw (+1.95).

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Oranges—Jaffa: Shamoutis 50/189 4.30-5.05; Spania: Navels 48/180 4.00-4.50; Cypriot: Shamoutis/V. Lates 80/108 3.60-3.80. Lemons—Spania: Trays 25/54 2.20-2.40; Cypriot: 10kg 4.00-4.50; Californian: 95/140 6.00-6.50; Italian: 100/120 3.76-4.50; S. African: 80/100 5.80; Jaffa: 5.80, ½-boxes 40/45 2.80. Grapefruit—Cypriot: 20kg 40/64 3.00-3.40; Jaffa: 20kg 38 4.45, 40 4.50, 48 4.65, 56 4.40, 64 4.05, 75 3.85. Satsumas—Spania: 90/105/128 4.00, 144/154 3.70, 168 3.50. Mandarins—Spania: 126/140 4.20, 154 4.00, 168 3.80, 182 3.40. Wilkings—Spania: 80/86 5.50, 128 5.20, 140 5.00, 154 4.80, 168 4.50, 182 4.20; Jaffa: 22lb 80/90 4.20. Temples—Jaffa: 24lb 60/82 5.00-5.40. Apples—French: Stark Crimson 40lb 4.40-5.50, 20lb 72 2.60, 84 2.10, Granny Smith 40lb 6.50 6.50, 20lb 72 3.30, 84 2.60, Golden Delicious 40lb 125/175 3.60-5.00, 20lb 72 2.50, 84 2.20; Italian: 40lb Romes 80/70 4.20, Granny Smith 19/20lb 60/70 2.50; Hungarian: Starking 44lb 6.40; Canadian: Red Delicious 135/150 8.00-9.00; U.S.: Red Delicious 9.00-10.60; Belgian: 28lb, per pound Cox's 0.10-0.14; Dutch: 28lb, per pound 0.09-0.14. Pears—Dutch: Conference per pound 0.14; Italian: Passacrassana 0.10-0.12; S. African: William Bon Chretien 5.50, Beurre Hardy 5.50, Bosc 5.00. Plums—S. African: Songold 11lb 5.50-6.60; Golden Kings 4.60-4.95. Grapes—U.S.: Red Emperor 20lb wrapped 11.00; S. African: 9lb Waltham Cross 6.40, Dan Ben Hannah 6.80, Alphonse 7.50; Brazilian: Italia 11lb 8.50; Chilean: 11lb Perlette 7.00. Nectarines—S. African: 3.00-3.20. Peaches—S. African: 3.20-3.40. Strawberries—Israeli: Per punnet 8oz 0.60; Mexican: 12oz 0.90; U.S.: 12oz 1.00. Pineapples—Ivory Coast: Each 0.50-1.00; S. African: Shelford 5/9 2.50-2.80.

English Produce: Potatoes—Per bag 1.60-2.20. Mushrooms—Per pound 0.50-0.60. Apples—Per pound Bramleys 0.06-0.14, Spartans 0.14-0.18, Cox's Orange Pippins 0.10-0.24, Russets 0.12-0.15, Laxtons 0.08-0.10. Pears—Per pound Conference 0.06-0.15, Comice 0.14-0.18. Cabbages—Per bag 1.40, White cabbages 3.40. Beetroots—Per bag 1.40-1.80. Lettuce—Per 12, round 1.80-2.00. Cucumbers—Per 12/16 4.50. Sprouts—Per pound 0.07-0.09. Leeks—Per 14 lb 2.80. Rhubarb—Per pound forced 0.22-0.24. Carrots—Per 28 lb 1.60-2.00. Onions—Per bag 2.70-3.50. Celery—Per pack naked 16/18 1.50-1.80. Swedes—Per 28 lb Devon 0.80-1.00. Parsnips—Per 28 lb 1.40-1.60. Turnips—Per 28 lb 1.00-1.20.

★

GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed), per stone: Shelf cod £2.50-£3.50, codlings £1.20-£2.00. Large haddock £3.70-£4.40, medium £3.20-£3.40, small £2.40-£2.80. Best small plaice £2.40-£2.70. Skinned dogfish (medium) £7.00. Saithe £1.40-£1.60.

AMERICAN MARKETS

NEW YORK, March 9.

PRECIOUS METALS attracted short covering on concern over the Polish situation and finished with moderate gains after a major rally failed. Copper closed about unchanged in a very light trade. Sugar came under pressure because of lack of physical interest and light trade selling. Cotton buying developed on the weakness of the dollar. Cocoa closed fractionally higher on light arbitrage buying. Coffee prices were much lower on commission house selling. The livestock complex finished mixed on a better tone in the cash products and on packer support. A technical and short covering rally in the grains and soyabeans held most of the gains realised early in the day, reported Heinold.

Copper—March 79.60 (79.70), April 80.35 (80.50), May 81.50-81.65, July 83.70-84.00, Sept. 86.40-86.50, Dec. 89.40-89.55, Jan. 90.40, March 92.50, May 94.35, July 96.20, Sept. 98.85, Dec. 100.65, Jan. 101.55.

Potatoes (round whites)—April 143.2-144.0 (147.0), Nov. 87.3-87.8 (88.0). Sales: 3,196.

Sugar—No. 11: May 21.80-21.90 (2.33), July 21.80-21.85 (22.37), Sept. 21.72, Oct. 21.60, Jan. 20.14, March 20.35, May 20.40, July 20.50. Sales: 10,360.

Tin—616.0-629.0 (same).

CHICAGO, March 9.

Lard—Chicago loose 19.75 (same).

Live Cattle—April 64.45-64.35 (64.57), June 67.80-67.87 (67.65), Aug. 68.25-68.40, Oct. 66.85-66.82, Dec. 67.97, Feb. 68.60 April 69.60.

Live Hogs—April 43.80-43.97 (44.02), June 48.05-48.10 (48.30), July 49.20-49.25, Aug. 48.05-48.10, Oct. 47.20, Dec. 50.60, Feb. 53.95, April 53.30, June 57.00.

‡‡Maize—March 351½-351¼ (348¾), May — (356¾), July 365¾-366¾, Sept. 363¼-363½, Dec. 360¼-360¾, March 371½.

Pork Bellies — March 48.35-48.20 (48.57), May 49.70-49.60 (50.27), July 51.30-51.20, Aug. 50.40-50.65, Feb. 62.60, March 62.40, May —.

Silver—March 1185.0 (1177.5), April 1195.0 (1187.5), May —, June 1222.0, Aug 1252.0, Oct. 1282.0, Dec. 1312.0, Feb. 1342.0, April 1372.0, June 1402.0, Aug. 1432.0, Oct. 1462.0, April 1552.0, June 1582.0, Aug. 1612.0, Oct. 1642.0.

†Soyabeans—March 724-725½ (708¼), May 746½-748 (733), July 769½-771, Aug. 777-777½, Sep. 784½-785, Nov. 799-800, Jan. 818½, March 840½.

‖Soyabean Meal—March 206.5-206.8 (202.3), May 213.8-213.3 (208.7), July 219.5-219.0, Aug. 221.5-22.0, Sep. 225.0-225.5, Oct. 228.0, Dec. 230.5-231.0, Jan. 234.0-233.5, March —, May —.

Soyabean Oil—March 23.55-23.60 (23.41); May 24.10-24.12 (24.00), July 24.85-24.90, Aug. 25.15, Sep. 25.35, Oct. 25.60-25.50, Dec. 26.20-26.25, Jan. 26.30-26.35, March 26.90-27.00, May 27.45-27.50.

†Wheat—March 432½-432¼ (428½), May 437-437½ (434½), July 433½-434½, Sep. 448½, Dec. 468, March 485½. ⅝/-98

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen. †† $ per metric ton.

EUROPEAN MARKETS

ROTTERDAM, March 9.

Wheat—U.S. Two Dark Hard Winter 13.5 per cent Mar. $214, April/May $212, June/July $210. U.S. No Two Red Winter Mar. $210, April $205, May $208. U.S. No Two Northern Spring 14 per cent. May/June $210.50, July $213, Aug./Sept. $214.

Maize—AFL $163, Mar. $162.75, April $164.50, May $167, June $169, July/Sept. $170.75, Oct./Dec. $168, Jan./Mar. $178.50.

Soyabeans—U.S. Two Yellow Gulfports spot $300, Mar. $298.75, April $298.75, Mar. $301.50, April $298.65, May $301.50, June $305, July $308.25, Aug. $311.25, Sept. $313.60, Oct./Nov. $314.50, Dec. $321, Jan. $327, Feb. $333. Argentine June/July $301.50 sellers.

Soyameal—44 per cent protein U.S. AFL $264, Mar./April/May $262, April/Sept. $267.50, Nov./Mar. $281. Brazil Pellets Mar. $274.50, April/May $272.50, April/June. $274, April/Sept. $277 sellers.

PARIS, March 9.

Cocoa (FFr per 100 kilos)—March 945-985, May 998-1008, July 1018, Sept. 1075-1080, Dec. 1101-1110, March 1126-1130, May 1148-1156. Sales at call: 1.

Sugar (FFr per tonne)—May 2963-2968, July 2940-2975, Aug. 2839-2840, Oct. 2750-2760, Nov. 2730-2780, Dec. 2810-2870, March 2570-2600, May 2570-2610. Sales at call: 63.

INDICES

FINANCIAL TIMES

Mar. 6	Mar. 5	Month ago	Year ago
258.38	257.05	256.70	302.77

(Base: July 1, 1952=100).

DOW JONES

Dow Jones	Mar. 6	Mar. 5	Month ago	Year ago
Spot	416.48	414.36	423.76	427.39
Fut'r.s	427.97	427.88	441.42	451.12

(Average 1924-25-26=100)

MOODY'S

Mar. 6	Mar. 5	Month ago	Year ago
1123.6	1123.2	1158.9	1376.6

(December 31, 1931=100)

REUTERS

Mar. 9	Mar. 6	M'nth ago	Year ago
1724.9	1724.3	1721.0	1765.6

(Base: September 18, 1931=100)

LONDON STOCK EXCHANGE

Equity leaders retreat further nervously awaiting Budget proposals but Gilt-edged stage small recovery

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
Feb. 9	Feb. 26	Feb. 27	Mar. 9
Mar. 2	Mar. 12	Mar. 13	Mar. 23
Mar. 16	Mar. 26	Mar. 27	Apr. 6
Mar. 30	Apr. 8	Apr. 9	Apr. 21

* "New time" dealings may take place from 9 am two business days earlier.

London equity markets remained in the grip of pre-Budget uncertainty yesterday and most leading shares gave further ground during another quiet and drab trading session. Views that the Chancellor's measures will contain only limited concessions to industry hardened following week-end comment and equity markets appeared to have discounted a reduction of 2 per cent in Minimum Lending Rate.

Anticipating an extension of last week's downturn, dealers marked leading industrials lower at the outset, but this failed to deter occasional offerings and a 10 am less of 5.4 in the F.T. 30-share index was extended to 6.6 an hour later. Thereafter, trade was minimal but some leaders tended to harden and the index closed a net 5.6 down at 483.5. Bowater were particularly dull, reflecting concern *about the cost of closing its* Ellesmere Port paper mill; there were also suggestions that the company could be contemplating *a bid for Bunzl Pulp and Paper.*

Of the sectors, Banks remained unsettled by the possibility of a "*windfall profits*" *tax, but the* four main clearers closed well above the worst. Predictions of a sharp increase in excise duties stifled interest in Breweries, Tobaccos and Distillers, most of which tended easier.

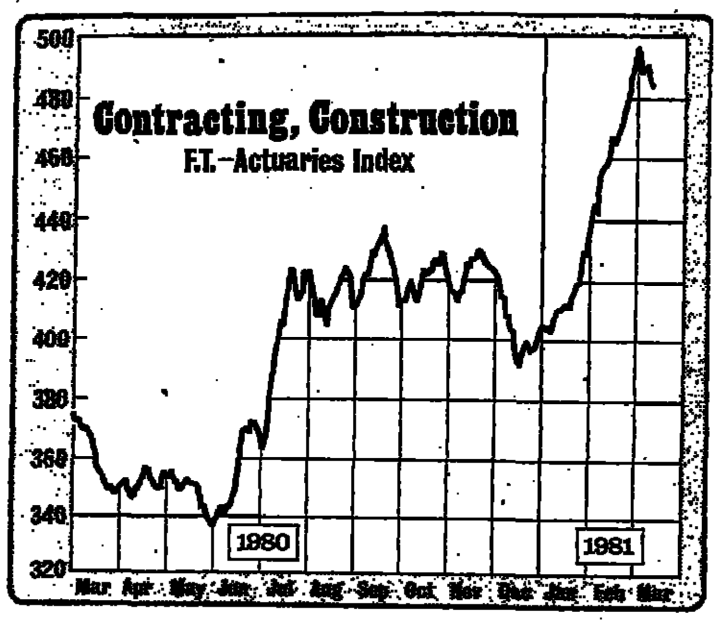
British Funds, however, took a distinct turn for the better, the turnround here being encouraged by hopes that the Government's medium-term strategy of cutting inflation through a tight monetary policy would be continued. Interest often comprised small buying orders from private investors, and prices soon responded in the prevailing thin trading conditions. Longer maturities finally recorded gains extending to ⅝, but short-dated issues only achieved rises of about ⅛. The February banking statistics and wholesale price indices are due to be announced today before the Chancellor makes his speech.

Demand for Traded options was relatively low. A total of 767 deals were arranged of which ICI accounted for 214 and BP 102. Last week's daily average was 628.

Banks dip & rally

Still haunted by fears of a "windfall profits" being included in today's Budget, the major clearing banks fell by as much as 12 in the early trade. However, a rally ensued and prices closed above the worst. *Barclays ended 8 off at 390p, but* Lloyds lost only 4 at 308p and Midland 2 at 318p. NatWest recovered from 342p to finish unaltered at 350p. Hambros lost 20 at 685p and Leopold Joseph relinquished 8 at 252p. Among *nervous Hire Purchases,* Provident Financial shed 5 to 131p and Wagon Finance 3 to 47p.

Insurances were notable only for firmness in London United



Investments which still reflecting Press comment rose 8 more to 203p.

The drinks sector was predictably nervous in front of today's Budget proposals with the larger falls being incurred by Wines and Spirits. Selling was light, however, and most issues finished a shade above the worst. *Arthur Bell closed 4 off* at 158p and Distillers 2 cheaper at 183p.

Buildings retained a drab appearance. Among the leaders, Blue Circle, 360p, and Redland, 158p, shed 4 apiece, while Tarmac *lost* 6 at 289p. Elsewhere, Roberts Adlard, the subject of considerable speculative interest recently, shed 3 to 110p, while British Dredging met with sporadic selling and gave up 2 at 21p. Against the trend, Galliford Brindley firmed 2 to a 1980-81 peak of 73p in response to increased interim profits. J. Jarvis gained 4 to 188p ahead of *tomorrow's half-yearly results.*

Business in leading Chemicals remained thin, ICI closing 2 off at 246p and Fisons 3 cheaper at 130p. Rentokil, down 10 on Friday on lower preliminary profits, came under further pressure and shed 8 more to 142p.

Stores drift

Business in Stores remained at a low ebb and the leaders drifted lower. British Home eased 3 at 151p, while Marks and Spencer shed a similar amount to 117p. Gussies A fell 7 to *463p,* while adverse Press mention clipped 6 from Mothercare, at 228p. Selected secondary counters reacted to profit-taking and Moss Bros. fell 10 to 195p. Bakers Household, 136p, and Currys, 333p, both eased 4, as did Harris Queensway, at 184p.

Secondary issues made a dull showing in Electricals. George Scholes stood out with a fall of 25 to 225p, after 220p, following the interim dividend cut and 62 per cent contraction in first-half profits. Sporadic offerings and lack of support left Electrocomponents 20 off at 645p, while Ferranti, 522p, and United Scientific, 355p, lost 8 apiece. MK fell 7 to 195p, Unitech 6 to *230p and Fidelity Radio softened* 3 to 28p. Telefusion, on the other hand, rose 4 to 38p and the A 5 to a *similar* level *following* comment on the profits recovery. Leading issues drifted lower and Racal ended 7 easier at *343p, after 341p.* GEC were 5 lower at 635p.

The Engineering majors displayed no set trend after a quiet trade. Ahead of tomorrow's preliminary results, Tubes rallied from an initial reaction to 192p and closed a net 2 harder at 196p. GKN improved a similar amount to 140p but John Brown gave up 2½ to 70½p *and Hawker shed 4 at 282p.* Little of interest occurred elsewhere although renewed demand in a thin market helped Haden Carrier put on 9 to 212p. S. W. Farmer eased 2 to 150p on the *uninspiring results, while* 600 Group, which last week bought Bardsey's near 13 per cent stake in F. Pratt, lost 3½ to 66½p.

Losses in Foods were restricted to a couple of pence. Tate and Lyle, 162p, ended that much cheaper, as did Associated Dairies, at 174p. Hazlewoods were an isolated bright spot and, in a thin market, gained 6 to 163p.

Trusthouse Forte, 4 down at 198p, provided the only noteworthy movement among Hotels and Caterers.

Conditions in the miscellaneous industrial leaders remained quietly dull awaiting the content of today's Budget. Bowater were weak at 197p, down 8, after 196p, on the disclosure that redundancy and plant write-off costs of the Ellesmere Port paper mill closure could top £27m; sentiment was also unsettled by suggestions that the group is contemplating making a bid for Bunzl Pulp and Paper. Boots lost 5 at 227p as did Pilkington to 285p. Reed International also declined 5 to 210p; late news of the proposed closure of *its Imperial Paper Mill* in Gravesend, Kent, did not affect after-hours sentiment. Elsewhere, Neil and Spencer plummeted 14 to 44p in reaction to news of the final dividend cut and annual deficit, while Channel Tunnel dropped 27 to 143p following liquidation of stale bull positions in the wake of Friday's smart rise on news that an all-party committee of MPs had recommended the building of a rail "chunnel." BTR lost 10 to 388p ahead of Thursday's preliminary results, while De La Rue, a further 15 down at 615p, continued to reflect adverse *comment.* Carlton Industries added 11 to 273p on hopes of a bid from Hawker, while Royal Worcester firmed 10 to 278p in response to Press comment.

Fears of possible dividend cuts clipped 4 and 2 respectively from Lucas, 178p, and Dunlop, 59p. Other Motor Components also trended lower and Dowty shed 4 to 235p, while Automotive Products eased 3 at 42p. Distributors were narrowly mixed, but Tate of Leeds remained a good market and rose 5 more to 82p; the annual results are expected later this month.

Bid speculation lifted Bunzl Pulp and Paper 3 to 125p, while Press comment helped BPC harden a penny to 13½p.

A few pence easier at first, Properties picked up to close with little alteration. Land Securities reverted from 395p to 397p, while MEPC finished a penny cheaper at 231p, after 230p. Elsewhere, R. Green shed a penny to 87p after reduced interim profits. Thames Investment, a rising market of late on speculative interest, declined 6 to 160p.

Trending slightly easier for most of the day, Oils encountered fresh offerings in the late dealings and closed with a decidedly dull appearance. British Petroleum closed 12 down at 402p and Shell 8 lower at 410p; both companies are due to announce preliminary results on Thursday. Tricentrol drifted 6 cheaper to 290p, while Lasmo shed 10 at 610p and Ultramar 5 at 495p. NCC Energy, up 26 on Friday in response to a possible offer for the company from UNC Resources of the U.S., gave up 4 at 114p, after 123p. Elsewhere, Double Eagle touched 330p before closing 15 dearer at 305p; the company has raised £940,000 via a share placing with a small group of UK institutions.

Shippings were highlighted by Reardon Smith A which were sold down to 152p before rallying on revived bid hopes to end 7 lower on balance at 158p.

Textiles were again featured by Bond Street Fabrics which added 4 more to 34p on the possibility of a counterd offer to the bid from Grovebell. Revived support helped David Dixon put on 4 at 120p.

Amax advance

A generally firm mining market was highlighted by the resumption of dealings in Amax following the world record take-over bid from Standard Oil of California; Amax opened around *£9 higher at £26¼ but dealings* were temporarily suspended in the afternoon, with the shares last traded around *£25¾, following* a welter of orders on Wall Street.

South African Golds edged higher, reflecting the $9 rise in the bullion price to $477.50 an ounce. In the heavyweights Randfontein and Hartebeest were outstanding, rising £1½ apiece to the common price of £26, while gains of around a half-point were common to Kloof, £13¼, President Steyn, £16¾ and St. Helena, £17½. Among the cheaper priced stocks Blyvoor put on 34 to 685p, Libanon 22 to 707p and Western Areas 13 to 246p. The Gold Mines *index rose 9.5 to 319.1.*

De Beers featured in South Africans as persistent demand ahead of the 1980 results lifted the shares 12 to 374p. Anglo American Corporation were 20 up at 600p and GFSA almost a point firmer at £23½.

A good performance in Sydney overnight—Melbourne was closed for a public holiday—led to widespread gains in Australians. The leading stocks were particularly favoured with MIM Holdings 8 to the good at 298p, CRA 6 up at 226p and Western Mining 5 better at 289p. Hampton Areas advanced 20 to 230p in a thin market.

Golds registered strong gains with Poseidon 6 better at 212p following the increased half-year profits. GMK were 10 up at 320p, North Kalgurli 5 harder at 58p and Hill 50 Gold 4 higher at 34p.

FINANCIAL TIMES STOCK INDICES

	Mar. 9	Mar. 6	Mar. 5	Mar. 4	Mar. 3	Mar. 2	A year ago
Government Secs.	68.61	68.38	68.61	68.66	68.64	68.97	64.15
Fixed Interest	70.58	70.59	70.66	70.66	70.67	70.75	64.70
Industrial Ord.	483.5	489.1	496.2	500.0	496.2	501.4	459.3
Gold Mines	319.1	309.6	300.4	305.9	306.3	299.9	337.5
Ord. Div. Yield	7.29	7.20	7.11	7.06	7.12	7.04	7.48
Earnings, Yld. % (full)	15.68	15.50	15.30	15.19	15.29	15.16	18.55
P/E Ratio (net) (*)	7.86	7.95	8.06	8.12	8.06	8.14	6.59
Total Bargains	24,095	26,254	24,171	26,120	24,503	24,538	20,341
Equity turnover £m.	—	140.81	121.35	155.31	161.09	124.54	90.77
Equity bargains total	—	17,742	19,851	19,807	21,364	21,126	16,024

10 am 483.7. 11 am 482.5. Noon 483.4. 1 pm 483.4.
2 pm 483.3. 3 pm 482.9.
Latest Index 01-246 8026.
*Nil=7.23.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1980/81 High	1980/81 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	72.54 (21/7/80)	63.85 (7/5/80)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	74.08 (24/7/80)	64.70 (10/3/80)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	515.9 (21/11/80)	406.9 (3/1/80)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	558.9 (22/9/80)	265.5 (16/5/80)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Mar. 6	Mar. 5
—Daily		
Gilt Edged Bargains	265.9	248.5
Equities		
Bargains	115.0	126.4
Value	284.6	245.3
5-day Avrge.		
Gilt Edged Bargains	241.7	229.1
Equities		
Bargains	129.4	134.2
Value	284.2	298.7

NEW HIGHS AND LOWS FOR 1980/81

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980-81

NEW HIGHS (44)

BRITISH FUNDS (3)
Exchqr. 8¼pc 1981 Exchqr. 3pc 1981
Exchqr. 9½pc 1981

AMERICANS (5)
Amax Saul (B. F.)
Colgate-Palmolive Transamerica
Esmark

CANADIANS (1)
Royal Bank of Canada

BANKS (2)
Com. Bk. Australia Manson Finance

BUILDINGS (4)
Galliford Brindley Watts Blake
IDC Wilson (Connolly)

STORES (1)
Dewhirst

ELECTRICALS (3)
Telefusion Sony
Do A N-V

FOODS (1)
Hazlewood

HOTELS (1)
Queens Moat 10½pc Conv.

INDUSTRIALS (8)
Baxter Travenol L.R.C.
Emhart Monsanto 5pc '82-86
Hanson Trust N.C.R. 4pc '93-98
Hewitt (J.) Portals

LEISURE (1)
Intervision

MOTORS (1)
Volvo

NEWSPAPERS (1)
Sharpe (W. N.)

TEXTILES (1)
Miller (F.)

TRUSTS (5)
Berry Trust Scot. & Merc. A
Scot. Cities A Suez Finance
Haw Par

OIL & GAS (2)
Ceres Res. Energy Capital

OVERSEAS TRADERS (2)
Boustead Nesco Investments

RUBBERS (1)
Kulim

MINES (1)
Supreme Corp.

NEW LOWS (14)

CHEMICALS (1)
Scot. Agricl. Ind.

STORES (1)
Bolton Textile

ELECTRICALS (3)
Dale Elec. Vivatron N-V
Normand Elec.

ENGINEERING (3)
Beauford Concentric
Boulton (Wm.)

INDUSTRIALS (2)
Lonsdale Universal Neil & Spencer

MOTORS (2)
Automotive Brown Brothers

TRUSTS (1)
Energy Finance

MINES (1)
Falcon

RISES AND FALLS

	Up	Down	Same
British Funds	90	—	5
Corpns. Dom. and Foreign Bonds	9	18	38
Industrials	152	378	840
Financial and Prop.	27	233	234
Oils	19	30	23
Plantations	4	4	15
Mines	70	12	83
Others	46	49	40
Totals	417	724	1,278

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon., March 9, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri., March 6 Index No.	Thurs., March 5 Index No.	Wed., March 4 Index No.	Tues., March 3 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (212)	307.61	−1.0	13.46	5.38	9.10	310.58	314.51	315.81	313.32	242.52
2	Building Materials (26)	268.88	−1.0	17.20	6.42	6.95	271.73	276.42	276.79	276.19	236.43
3	Contracting, Construction (26)	484.29	−0.6	18.84	5.25	6.38	487.40	492.07	490.72	487.97	369.75
4	Electricals (27)	1002.48	−0.9	8.66	2.62	14.26	1012.05	1025.08	1028.60	1025.82	621.96
5	Engineering Contractors (11)	412.50	−0.4	14.46	6.27	8.82	414.22	420.99	417.98	415.05	286.44
6	Mechanical Engineering (72)	185.67	−0.9	15.38	7.04	8.24	187.31	188.99	188.34	186.95	165.88
8	Metals and Metal Forming (13)	145.76	−0.8	18.09	11.45	7.01	146.89	148.14	149.19	148.46	168.48
9	Motors (21)	89.26	−1.2	20.30	9.28	5.68	90.34	92.00	92.72	91.63	109.83
10	Other Industrial Materials (16)	312.23	−1.4	14.68	6.88	8.10	316.60	320.65	321.58	317.19	0.00
21	CONSUMER GROUP (197)	245.22	−1.1	15.45	6.42	7.85	247.89	251.66	252.21	250.27	217.65
22	Brewers and Distillers (20)	269.13	−0.7	17.21	6.80	6.89	271.05	275.64	278.74	277.36	266.32
25	Food Manufacturing (22)	224.27	−0.8	17.54	6.99	6.76	225.97	227.68	227.20	224.94	197.85
26	Food Retailing (14)	449.31	−0.5	10.02	3.58	11.79	451.42	457.09	457.79	457.41	305.29
27	Health and Household Products (7)	257.88	−0.8	10.30	5.53	11.54	260.07	263.66	263.79	259.31	210.74
29	Leisure (22)	360.94	−0.9	15.49	6.34	7.96	364.32	368.58	369.25	368.58	304.35
32	Newspapers, Publishing (12)	445.74	−1.0	19.73	6.98	6.62	450.22	451.28	450.45	449.12	426.03
33	Packaging and Paper (15)	123.21	−2.3	25.92	9.82	4.47	126.10	127.28	127.31	125.42	127.87
34	Stores (44)	251.72	−1.8	11.82	5.03	11.08	256.46	260.39	261.79	259.13	222.07
35	Textiles (21)	140.78	−1.8	18.22	9.48	7.17	143.41	144.57	144.85	143.33	128.64
36	Tobaccos (3)	216.96	+0.4	26.19	10.73	4.35	216.19	226.45	222.32	222.72	198.14
39	Other Consumer (17)	259.42	−0.9	14.45	7.41	8.38	261.73	261.85	262.40	261.98	0.00
41	OTHER GROUPS (79)	209.12	−0.9	14.14	7.29	8.83	210.95	212.87	213.52	211.99	204.23
42	Chemicals (15)	248.94	−1.1	11.63	8.41	11.28	251.74	254.78	256.24	253.76	296.37
44	Office Equipment (6)	107.36	−1.3	17.34	7.74	6.84	108.74	110.65	111.12	108.88	115.10
45	*Shipping and Transport (13)*	*578.59*	*−0.9*	*13.08*	*6.39*	*9.38*	*583.85*	*586.20*	*586.18*	*582.53*	*469.68*
46	Miscellaneous (45)	270.20	−0.5	16.45	6.32	7.46	271.48	273.85	273.35	272.97	242.87
49	INDUSTRIAL GROUP (488)	261.69	−1.0	14.53	6.14	8.40	264.35	267.91	268.46	266.65	228.81
51	Oils (12)	853.22	−2.4	28.15	6.17	3.96	874.10	877.12	881.84	874.46	768.71
59	500 SHARE INDEX	308.58	−1.3	17.44	6.15	6.78	312.66	316.19	317.07	314.82	271.47
61	FINANCIAL GROUP (118)	243.28	−0.6	—	5.62	—	244.83	249.72	249.68	247.94	193.05
62	Banks (6)	225.99	−1.1	42.50	7.87	2.86	228.54	235.71	236.83	233.60	212.14
63	Discount Houses (10)	299.22	−1.2	—	6.19	—	302.76	305.08	305.15	308.57	212.83
64	Hire Purchase (4)	235.29	−1.4	10.01	5.55	14.11	238.63	241.78	237.98	238.32	185.94
65	Insurance (Life) (10)	254.25	−0.3	—	5.19	—	255.12	262.57	261.85	260.78	173.22
66	Insurance (Composite) (9)	159.08	−0.1	—	7.52	—	159.29	162.51	163.61	161.71	125.87
67	Insurance Brokers (9)	353.48	−0.2	12.90	6.55	10.60	354.33	361.72	353.39	348.05	281.17
68	Merchant Banks (13)	152.45	−1.2	—	5.09	—	154.31	156.22	155.74	155.77	103.12
69	Property (46)	474.12	−0.5	3.18	2.63	43.73	476.51	481.09	479.52	478.13	366.34
70	Miscellaneous (11)	173.62	−1.3	15.67	5.35	8.13	175.90	178.99	179.58	180.00	129.81
71	Investment Trusts (109)	288.76	−1.0	—	5.33	—	291.68	295.05	293.90	291.91	217.20
81	Mining Finance (3)	217.33	+0.8	15.57	6.17	7.62	215.52	212.51	212.18	213.27	205.04
91	Overseas Traders (20)	441.18	−0.6	12.12	6.72	10.14	443.81	446.69	447.01	447.46	402.62
99	ALL-SHARE INDEX (750)	295.39	−1.1	—	6.01	—	298.66	302.29	302.80	300.81	253.34

FIXED INTEREST PRICE INDICES

	British Government	Mon., March 9	Day's change %	Fri., March 6	xd adj. today	xd adj. 1981 to date
1	Under 5 years	108.08	+0.13	107.93	—	2.48
2	5-15 years	110.47	+0.37	110.14	0.08	2.02
3	Over 15 years	112.70	+0.51	112.13	—	2.16
4	Irredeemables	125.09	+0.77	124.13	—	1.78
5	All stocks	110.09	+0.35	109.73	0.02	2.18

FIXED INTEREST YIELDS
British Govt. Av. Gross Red.

			Mon., March 9	Fri., March 6	Year ago (approx.)
1	Low Coupons	5 years	11.43	11.47	13.15
2		15 years	12.36	12.42	13.03
3		25 years	12.59	12.66	13.03
4	Medium Coupons	5 years	13.22	13.28	15.06
5		15 years	13.95	14.02	14.62
6		25 years	13.81	13.88	14.41
7	High Coupons	5 years	13.20	13.26	15.17
8		15 years	14.17	14.23	14.96
9		25 years	13.99	14.06	14.82
10	Irredeemables		11.80	11.89	12.46

		Mon., Mar. 9 Index No.	Mon., Mar. 9 Yield %	Friday Mar. 6	Thur. Mar. 5	Wed. Mar. 4	Tues. Mar. 3	Mon. Mar. 2	Friday Feb. 27	Thur. Feb. 26	Year ago (approx)
15	20-yr. Red. Deb. & Loans (15)	52.36	†14.14	52.36	52.39	52.42	52.41	52.40	52.37	52.37	50.05
16	Investment Trust Prefs. (15)	51.01	13.26	51.01	51.01	51.01	51.06	51.06	50.90	50.90	47.61
17	Coml. and Indl. Prefs. (20)	68.20	13.29	68.20	68.20	68.38	68.50	68.54	68.37	68.29	61.14

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the [illegible] Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

ACTIVE STOCKS

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Barclays Bank	390	− 8	Meyer (Mont. L.)	85	− 1
Berisford (S. & W.)	161	− 1	NCC Energy	114	− 4
Bowater	197	− 8	Plessey	308	− 2
Channel Tunnel	143	−27	Reardon Smith "A"	158	− 7
Double Eagle	350	+15	Reynolds Div.	3¼	+ 0¼
ICI	246	− 2	Scholes (G. H.)	225	−25

LAST FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Fri.'s closing price pence	Day's change	Stock	No. of price changes	Fri.'s closing price pence	Day's change
LASMO	23	620	−25	Plessey	17	310	− 5
Shell Trans.	21	418	− 2	GEC	16	640	− 3
Ultramar	21	500	—	RTZ	16	428	+ 8
Barclays Bk.	19	398	− 7	BP	15	414	—
BAT Inds.	18	277	−13	ICI	15	248	− 2
IC Gas	18	220	−10	Imperial Grp.	15	71	− 3½
Fisons	17	133	− 2	Racal Elect.	15	350	− 8

Above average activity was noted in the following stocks yesterday

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Mar. 9	Mar. 20	June 11	June 22
Mar. 23	Apr. 3	June 25	July 6
Apr. 6	Apr. 17	July 9	July 20

For rate indications see end of Share Information Service

Traditional options were more active than of late. Calls were taken out in Intervision, Bardsey, Reardon Smith, Montague L. Meyer, Town and City Properties, Basic Resources, Double Eagle, New Throgmorton Warrants, Lonrho, ICL, Cope Allman, Barclays Bank, Lex Service, S. & W. *Berisford, Henry Wigfall,* Laing "A," Levex, Glaxo, Courtaulds and Marks and Spencer. Puts were arranged in BP, Wimpey, and Metal Box, while doubles were arranged in BP, Yimpey, ICI and FNFC.

RECENT ISSUES

EQUITIES

Issue Price p‡	Amount Paid Up	Latest Renunc. Date	1980/81 High	1980/81 Low	Stock	Closing Price p‡	+ or −	Div. p. or Amount	Times Covered	Gross Yield	P.E. Ratio
150	F.P.	3/4	179	170	British Aerospace 50p	172	+1	b7.8	2.0	6.5	11.0
10p	F.P.	27/3	16¼	13¾	✻Crest IntScs. 10p	15¼	−¼	—	—	—	—
5§	F.P.	—	8	6½	✻Dunton 5p	7½	......	—	—	—	—
75§	F.P.	—	105	88	Espley-Tyas Prop.	89	+1	b3.92	1.2	6.4	18.3
100	F.P.	13/3	102	95	New Darien Oil Trust	98	−1	—	—	—	—
42p	F.P.	13/5	45	38	Oil & Gas Production	39	......	—	—	—	—
4.2p	P.P.	13/5	9	7½	Do. ($0.01 pd.)	7½	......	—	—	—	—
§§	F.P.	—	14	12	✻Parkfield Fndrs. 5p	13	......	0.88	6.4	9.3	2.4
81§	F.P.	16/2	106	96	Sonic Sound Audio 10p	100	......	b4.48	1.9	6.4	9.7
**	F.P.	9/2	84	72	Westpool Inv. Defd	72	−2	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount Paid Up	Latest Renunc. Date	1980/81 High	1980/81 Low	Stock	Closing Price £	+ or −
¶100	£10	21/5	12	11½	Bristol Water 8% Red. Pref '86	12	......
‖	F.P.	12/2	119	105½	Crystalate 9¾% Cnv. Uns. Ln. '99-2000	119	......
96	£20	27/3	21⅝	20½	Iceland 14½% 016	20½	......
¶100	F.P.	24/7	112	102	Mid-Sussex Water 8% Pref. 1986	102	......
‖	F.P.	20/1	135p	107p	Paterson (R.) 11½% Cum. Cnv. Prf.	132p	......
‖	F.P.	13/2	128	113	Portals 9¼% Cnv. 1994-2000	125	−5
110½	F.P.	—	169p	147p	Sterling Credit 8% Cnv. Red. Cum. Prf.	153p	−5
100	Nil	—	11pm	9pm	Yorks Fine Wool 11% Cum. Red. Cnv. Prf	10pm	−½

"RIGHTS" OFFERS

Issue Price p‡	Amount paid up	Latest Renunc. Date ●	Latest Renunc. Date ■	1980/81 High	1980/81 Low	Stock	Closing price p‡	+ or −
128 p	F.P.	27/2	27/3	128	115	Argyll Foods	115	−2
154 p	F.P.	9/3	22/5	181	171	Assoc. Dairies	176	......
$A9	Nil	—	—	205pm	175pm	Broken Hill Prop.	205pm	+15
48	F.P.	18/2	13/3	66	51½	Hampton Trust	54½	......
184	F.P.	29/1	13/3	240	188	Johnson, Matthey	230	−8
45p	F.P.	9/3	3/4	50	45	Paradise B.	45	−2
60	F.P.	16/2	27/3	87	71	Norcros	86	−½
380	F.P.	23/1	20/3	390	330	Royal Insurance	375	+2

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *g* Assumed dividend and yield. *u* Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for 1979. Q Gross. T Figures assumed. † Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. p‡ Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✻ Unlisted Securities Market. ‡‡ London Listing. ‡ Resulting from debt settlement scheme. ‡‡ Units comprising 125 A Ord. & 5 12½% Cum. Pref.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Craigmount Fixed Int. Mngrs. (Jersey)
P.O. Box 195, St. Helier, Jersey. 0534 27561
Gilt Fund (Jsy.) ......[93.6 93.7xd] 14.94
Valued weekly Wednesday.

DWS Deutsche Ges. F. Wertpapiersp
Grueneburgweg 113, 6000 Frankfurt
Investa ......|DM30.10 31.70|+0.10| —

Delta Group
P.O. Box 3012, Nassau, Bahamas
Delt. Inv. March 3 ......[$4.12 4.33] ...... —

Deutscher Investment-Trust
Postfach 2685 Biebergasse 6-10 6000 Frankfurt
Concentra ......|DM15.70 16.80|+0.10| —
Int. Rentenfonds ......|DM58.90 60.70| ...... —

Dreyfus Intercontinental Inv. Fd.
P.O. Box N3712, Nassau, Bahamas.
NAV Feb. 24 ......|US$29.64 31.59| ...... —

Emson & Dudley Tst. Mgt. Jrsy. Ltd.
P.O. Box 73, St. Helier, Jersey. 0534 73933
E.D.I.C.T. ......[152.6 163.8] 2.20

The English Association
4 Fore Street, EC2. 01-588 7081
E. A. Income Fund* ......[58.1 61.9] 8.08
E. A. Sterling* ......[£67.14 67.18xd] ...... —
E. A. Equity* ......[£67.44 71.75] 1.74
Wardgate Cm. Fd.** ......[£17.39 18.09xd] 2.87
*Next dealing Mar. 11. **Next dealing Mar. 31.

Eurobond Holdings N.V.
Pietermaai 15, Willemstad, Curacao.
London Agents: Intel 15 Christopher St., EC2.
Tel: 01-247 7243. Telex 8814408.
Euro Hldgs ......|US$19.61 20.25| 9.50

S.G. Europe Obligations S.A.
9, Avenue de la Liberte, Luxembourg
London Agent: FFS, Salisbury Hse, London Wall
[illegible]

Hill Samuel Invest. Mgmt. Intnl.
P.O. Box 63, Jersey. 0534 27381
HS Channel Is. Fd. ......[142.4 151.8] −3.5 3.00
H.S. Fixed Int. Fd. ......[91.0 96.0xd] 12.50
Box 2622, Berne, Switzerland. Telex 33425.
H.S. Overseas Fd. ......|US$24.35 25.32| −0.02 —
CSF Fd. (Acc.) ......|SF18.32 18.71| ...... —
[illegible]

Rothschild Asset Management (C.I.)
P.O. Box 58, St. Julians Ct., Guernsey. 0481 26331
O.C. America Fd.† ......|US$2.41 2.77| 0.47
OCSm. Co.*** ......[104.1 110.3] 2.98
O.C. Commodity* ......[91.3 97.1] 7.42
O.C. Dir. Comdty.† ......|US$42.38 44.92| 1.16
O.C. Hong Kg. Fd.† ......|HK$37.56 39.81| ...... [illegible]
O.C. Sterling Fd.** ......[£13.322] ...... [illegible]

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)

Allen Harvey & Ross Unit Tst. Mngrs.

Allied Hambro Ltd. (a) (g)

Anderson Unit Trust Managers Ltd.

Ansbacher Unit Mgmt. Co. Ltd.

Anthony Wieler Unit Tst. Mgmt. Ltd.

Arbuthnot Securities Ltd. (a)(c)

Archway Unit Tst. Mgs. Ltd.

Barclays Unicorn Ltd.

Baring Brothers & Co., Ltd.

Bishopsgate Progressive Mgmt. Co.

Bridge Fund Managers (a)(c)

Britannia Gp. of Unit Trusts Ltd.

The British Life Office Ltd.

Brown Shipley & Co. Ltd.

Buckmaster Management Co. Ltd.

Canada Life Unit Tst. Mngrs. Ltd.

Capel (James) Mngt. Ltd.

Carr, Sebag Unit Trust Managers

Charities Official Invest. Fund

Chieftain Trust Managers Ltd.

Choulerton Fund Managers

Confederation Funds Mgt. Ltd. (a)

Crescent Unit Tst. Mngrs. Ltd. (a)(g)

Dartington Unit Trust Mngt. Ltd.

Discretionary Unit Fund Managers

E. F. Winchester Fund Mngt. Ltd.

Equity & Law Un. Tr. M.

Fidelity International Management Ltd.

James Finlay Unit Trust Mngt. Ltd.

Framlington Unit Mgt. Ltd. (a)

Robert Fraser Trust Mgt. Ltd.

Friends' Provdt. Trust Mgrs. (a) (b) (c).

Funds in Court

G.T. Unit Managers Ltd.

G. & A. Trust (a) (g)

Gartmore Fund Managers

Gibbs (Antony) Unit Tst. Mgs. Ltd.

Govett (John)

Grieveson Management Co. Ltd.

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration (a) (b) (c)

Hill Samuel Unit Tst. Mgrs.

Investment Intelligence Ltd.

Key Fund Managers Ltd.

Kleinwort Benson Unit Managers

L & C Unit Trust Management Ltd.

Legal & General (Unit Tst. Mngrs.) Ltd.

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd.

Lloyd's Life Unit Tst. Mngrs. Ltd.

Local Authorities' Mutual Invest. Tst.

M & G Group (y)(c)(z)

Mayflower Management Co. Ltd.

Mercury Fund Managers Ltd.

Midland Bank Group Unit Trust Managers Ltd.

Minster Fund Managers Ltd.

MLA Unit Trust Mngemnt. Ltd.

Murray Johnstone U.T. Mgmt.

Mutual Unit Trust Managers

National Provident Inv. Mngrs. Ltd.

National Westminster

NEL Trust Managers Ltd.

Northgate Unit Trust Managers Ltd.

Norwich Union Insurance Group (b)

Pearl Trust Managers Ltd. (a)(g)(z)

Pelican Units Admin. Ltd.

Perpetual Unit Trust Mngmt.

Practical Invest. Co. Ltd. (y)(c)

Provincial Life Inv. Co. Ltd.

Prudl. Portfolio Mngrs. Ltd.

Quilter Management Co. Ltd.

Reliance Unit Mgrs. Ltd.

Ridgefield Management Ltd.

Rothschild Asset Management (g)

Rowan Unit Trust Mngt. Ltd.

Royal Tst. Can. Fd. Mgrs. Ltd.

For Saturn Fund Mngt. see SIMCO

Save & Prosper Group

Scottish Securities Ltd.

Schroder Unit Trust Managers Ltd.

Scottish Amicable Inv. Mngrs. Ltd.

Scottish Equitable Fnd. Mgrs. Ltd.

Security Selection Ltd.

SIMCO Money Funds

Stewart Unit Tst. Managers Ltd.

Sun Alliance Insurance Group

Sun Life of Canada Unit Managers Ltd.

Target Tst. Mngrs. Ltd.

Tower Unit Trust Mngt. Ltd.

Trades Union Unit Tst. Managers

Transatlantic and Gen. Secs. Co.

TSB Unit Trusts (y)

Tyndall Managers Ltd.

Ulster Bank

Unit Trust Account & Mgmt. Ltd.

INSURANCE PROPERTY BONDS

Abbey Life Assurance Co. Ltd.

Albany Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.

Barclays Life Assur. Co. Ltd.

Black Horse Life Ass. Co. Ltd.

Canada Life Assurance Co.

Cannon Assurance Ltd.

Capital Life Assurance

Charterhouse Magna Gp.

Chieftain Assurance Funds

City of Westminster Assurance

Commercial Union Group

Confederation Life Insurance Co.

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance

Crown Life

Crusader Insurance Co. Ltd.

Eagle Star Insur/Midland Assur.

Equity & Law Life Ass. Soc. Ltd.

Equity & Law (Managed Funds) Ltd.

Family Assurance Society

Assicurazioni GENERALI S.p.A.

General Portfolio Life Ins. C. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hambro Life Assurance Limited

Hearts of Oak Benefit Society

Henderson Administration

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson Ltd.

Langham Life Assur. Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London A'dom & Nthn. Mtl. Assur. Ltd.

London Indemnity & Gnl. Ins. Co. Ltd.

London Life Linked Assur. Ltd.

The London & Manchester Ass. Gp.

M & G Group

Manufacturers Life Insurance Co.

Merchant Investors Assurance

NEL Pensions Ltd.

NPI Pensions Management Ltd.

New Zealand Ins. Co. (UK) Ltd.

Norwich Union Insurance Group

Phoenix Assurance Co. Ltd.

Planned Savings Group

Premium Life Assurance Co. Ltd.

Prop. Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Providence Capital Life Ass. Co. Ltd.

Provincial Life Assurance Co. Ltd.

Prudential Pensions Limited

Reliance Mutual

Rothschild Asset Management

Royal Insurance Group

Save & Prosper Group

Schroder Life Group

Scottish Amicable Investments

Scottish Widows' Group

Skandia Life Assurance Co. Ltd.

Standard Life Assurance Company

Sun Alliance Insurance Group

Sun Life of Canada (UK) Ltd.

Sun Life Assurance Co. Ltd.

Sun Life Pensions Management Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Assurance/Pensions

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Welfare Insurance Co. Ltd.

Windsor Life Assur. Co. Ltd.

OFFSHORE & OVERSEAS FUNDS

Abbey Fund Management Limited

Alexander Fund

Allen Harvey & Ross Inv. Mgt. (C.I.)

Alliance International Dollar Reserves

Arbuthnot Securities (C.I.) Limited

B.I.A. Bond Inv. A.G.

Bank of America International S.A.

Banque Bruxelles Lambert

Barclays Unicorn International (Jersey) Ltd.

Barclays Unicorn International

Bishopsgate Commodity Ser. Ltd.

Bridge Management Ltd.

Britannia Intl. Investment Mngt. Ltd.

Brown Shipley Tst. Co. (Jersey) Ltd.

Butterfield Management Co. Ltd.

Capital Asset Managers Ltd.

Capital International Fund S.A.

Charterhouse Japhet

Chawton Commodities (Isle of Man) Ltd.

Clive Investments (Jersey) Ltd.

Cornhill Ins. (Guernsey) Ltd.

Cortexa International

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INTERNATIONAL BANK

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

هكذا من الأصل

INDUSTRIALS—Continued

INSURANCE—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

FINANCE, LAND—Continued

OIL AND GAS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—Continued

Australian

1980-81 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
37	21	Acmex 50c	35	......	Q2.5c	—	3.8
28	12	ACM 20c	16	+1	—	—	—
19	14	Argosy Gold NL 25c	14½	+½	—	—	—
*199	46½	Bond Corp.	137	......	Q7½c	1.9	2.8
156	76	Bougainville I Kina	83	......	Q26.2c	ϕ	16.4
*350	214	CRA 50c	226	+6	Q19c	ϕ	4.4
25	11½	Canada Northwest	19	+1	—	—	—
42	8	Carr Boyd 20c	22	+1	—	—	—
545	152½	Central Pacific	255	+20	—	—	—

Tins

Copper

Miscellaneous

1980-81 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
17	12	Burma Mines 10p	14½	......	0.62	1.1	6.2
445	53	Colby Res. Corp.	195	−10	—	—	—
502	200	Cons. Murch. 10c.	230	......	tQ30c	1.8	7.5
130	75	††Hemerdon 10c.	85	......	—	—	—
225	36	Highwood Res.	155	......	—	—	—
555	300	Northgate C$1	380	......	—	—	—
*486	322	R.T.Z.	430	+2	t16.0	3.2	5.3
£125	£93½	Do.9½%Cnv.'95-2000	£105½	+1½	Q9½%	—	f9.4
163	91	††SPD Minerals 10p	140	−2	—	—	—
58	26	Sabina Inds. C$1	33	......	—	—	—
51	23	††SWCM 10p	28	......	—	—	—
650	411	Tara Expln. $1	470	−5	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- $ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ◊ Not comparable.
- ◊ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ★★ Regional price.
- || No par value.

§‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	41	......	IRISH		
Bertam	11½	......	Conv. 9% '80/82	£94	......
Bdg'wtr. Est. 50p	545	......	Nat. 9¾% 84/89	£75½	......
Craig & Rose £1	£11¼	......	Fin. 13% 97/02	£79¾	......
Fife Forge	41	......	Alliance Gas	52	......

OPTIONS

3-month Call Rates

Babcock	11	Ladbroke	24	Property	
Barclays Bank	40	Legal & Gen.	20	Brit. Land	8
Beecham	15	Lex Service	9	Cap. Counties	11
Blue Circle	30	Lloyds Bank	28	Land Secs.	35
Boots	20	"Lots"	4	MEPC	20
Bowaters	20	London Brick	6	Peachey	8
B.A.T.	25	Lucas Inds.	20	Samuel Props.	15
Brown (J.)	6½	"Mams"	20	Town & City	2¾
Burton	10	Mrks. & Spncr.	9		
Cadburys	6	Midland Bank	32	Oils	
Courtaulds	6	N.E.I.	7	Brit. Petroleum	36
Debenhams	8	Nat. West. Bank	32	Burmah Oil	19
Distillers	17	P & O Dfd.	12	Charterhall	11
Dunlop	7½	Plessey	25	KCA	22
Eagle Star	22	Racal Elect.	32	Premier	10
F.N.F.C.	3½	R.H.M.	4	Shell	40
Gen. Accident	30	Rank Org.	16	Tricentrol	34
Gen. Electric	50	Reed Intnl.	18	Ultramar	48
Glaxo	22	Sears	4½		
Grand Met.	14	Tesco	5½	Mines	
G.U.S. 'A'	48	Thorn	28	Charter Cons.	20
Guardian	32	Trust Houses	18	Cons. Gold	45
G.K.N.	16	Tube Invest.	18	Lonrho	10
Hawker Sidd.	20	Unilever	50	Rio T. Zinc	45
House of Fraser	15	U.D.T.	4½		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 28

FINANCIAL TIMES
Tuesday March 10 1981

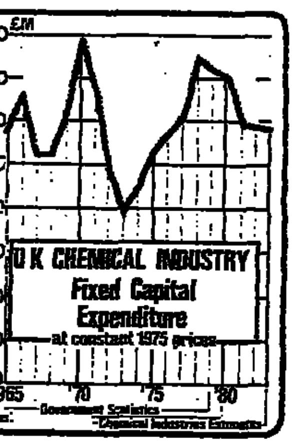
Chemical industry investment 'will drop 15% this year'

BY SUE CAMERON, CHEMICALS CORRESPONDENT

CHEMICAL INDUSTRY investment in the UK is set to drop by 15 per cent in real terms this year compared with 1980, according to Chemical Industries Associations forecasts.

But the association figures, published yesterday, show that chemical companies spent £1.34bn on capital projects last year. This year they are expected to invest £1.285bn—only 4.1 per cent less than in 1980 at current prices.

The £1.34bn invested last year was 19 per cent of all manufacturing capital spending. The figures was 14 per cent up on that for 1979 at current prices but a 2 per cent drop in real terms.



The statistics are based on a survey of the investment intentions of 100 association member companies. The results suggest that the industry's capital spending in the UK will pick up again next year—at current prices—to a record £1.41bn. It is forecast to rise further to £1.565bn in 1983.

Smaller companies are planning the biggest proportionate increases in UK investment. No fewer than 23 of those which took part in the survey said they intended to spend at least 50 per cent more this year than in 1980.

The proportion of chemical industry UK investment going to Scotland is forecast to rise from 12 per cent last year to 21 per cent this year and to 25 per cent in 1982. By 1983 it is expected to be 27 per cent.

Mr. Martin Trowbridge, associate director general, said yesterday: "The first picture which emerges from this survey seems surprisingly optimistic." If the companies surveyed put their plans into action, Britain would "maintain a high place in Europe's chemical manufacturing league."

The association figures show that the UK is expected to account for 23 per cent of all chemical industry investment in the EEC this year—1 per cent more than last year. The survey also found that few chemical companies complained about the performance of the British construction and process plant industries last year.

But the association stressed that the outlook for chemical investment might not be as rosy as the main findings of the survey suggested. Mr. Trowbridge said of the strong pound, high interest rates and weak product prices all had adverse effects on the British chemical industry.

He warned that many companies might have cash flow problems when business started to pick up later this year, as it is widely expected to do.

The association said chemicals output in the UK had fallen by 9 per cent last year and was expected to drop by 3.5 per cent more this year.

The survey showed that overcapacity in the UK chemical industry stood at 21 per cent last year and this figure is expected to rise to 27 per cent by 1983.

But the association said these estimates of overcapacity were almost certainly too big. It said the proportion of new investment on increased production facilities had dropped from 55 per cent to 45 per cent. This meant more money was going on replacing or improving old plants.

The recession had also increased the rate of irreversible plant closures in Britain.

The association said if planned investment in nuclear fuel treatment plant were excluded, thereal term drop in "mainstream" chemical investment in the UK this year would be 21 per cent. Spending on nuclear fuel treatment plant is included in the association's figures because the Government uses it in scatistical analyses.

NCB plans port expansion to treble its coal exports

BY MARTIN DICKSON, ENERGY CORRESPONDENT

THE National Coal Board is planning substantial improvements to the UK's main coal ports in an attempt to treble exports to 15m tonnes by 1985.

The NCB is increasing export sales rapidly to counter a slump in UK demand coinciding with rising production.

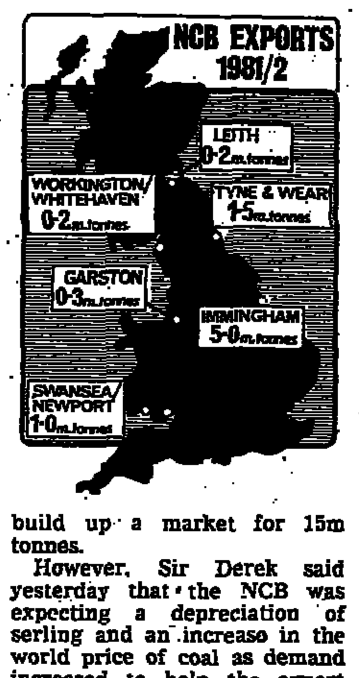
Exports have risen from 2.5m tonnes in 1979-80 to 4.5m tonnes this year and should reach 8m tonnes in 1981-82, nearing the present annual capacity of UK ports.

Sir Derek Ezra, NCB chairman, said yesterday it was planned to increase this capacity to 15m tonnes by 1985—the highest total for 30 years.

The NCB has been able to boost exports because rising international demand has coincided with supply constraints. Exports from Poland have been hit by political unrest while port bottlenecks are restricting supplies from the U.S.

However, higher production costs in the UK means the NCB is making no money on its exports—though it does gain useful cash flow and avoids paying stocking costs.

There cust be some doubt about the NCB's longer-term ability to compete with major coal exporters on price and to build up a market for 15m tonnes.



However, Sir Derek said yesterday that the NCB was expecting a depreciation of serling and an increase in the world price of coal as demand increased to help the export drive.

Europe was the fastest growing market for coal and there would be a major increase in its coal-burning plant by 1985. "We have to establish ourselves in the international market now if we are to take full advantage of the upturn," he said.

The plan could increase throughput at the UK's main coal export terminal at Immingham, Humberside, from 5m tonnes a year to 8m, while Tyneside could double from 1.5m-2m tonnes to 4m. Other areas which could benefit included Leith, in Scotland, Cumbria and South Wales.

The cost—likely to be shared with port authorities—could be relatively low at £20m to £30m because the NCB would be largely improving the efficiency of existing facilities rather than expanding them to take bigger vessels. Improved dredging, rail links and loading fracilities are likely.

8he news comes on the eve of a third round of talks tomorrow between the NCB, miners' leaders and the Department of Energy on a Government financial package to help the industry weather the recession without accelerating pit closures.

In a reversal of its coal industry policy, the Government agreed in prinicple to give additional aid to the NCB when faced last month with the threat of a miners' strike over pit clousres. The cost of the package could be several several hundred million pounds.

IMF seeks liquidity boost

BY PETER MONTAGNON

THE International Monetary Fund has asked the Central Banks of about 20 leading industrial nations to lend it the equivalent of 1bn Special Drawing Rights ($1.2bn) to boost its flagging liquidity.

The request was a major topic of discussion at yesterday's meeting of central bankers at the Bank for International Settlements, the central bankers' bank.

Besides the usual participants from industrial countries, the meeting was attended by a high-ranking official from the Saudi Arabian Monetary Agency, the Saudi central bank.

The central bankers were thought to be attempting to co-ordinate their response to the IMF with Middle Eastern oil producers.

The Arab oil exporters have been asked by the IMF to lend an even higher sum, totalling SDR 4·6bn. SDRs are the IMF's own currency unit.

The efforts of the IMF to find supplementary funds are the first since the mid-1970s. Most of the IMF's assets come from member governments' contributions.

These have just been increased. A further review—the eighth round—is to be started shortly to enable the IMF to play an increased role in helping nations with balance of payments deficits.

The proposed loans from the central banks would be extended to the IMF for periods of between six months and two years.

They would be renewable and the IMF would pay interest at a rate to be decided. It is hoped that these loans would be maintained until the eigth round of quote increases was agreed.

Over the past 12 months, the IMF's liquidity has declined substantially as large credits have ben extended to developing countries who face serious deficit problems because of rising oil prices.

But while the Central Banks can easily provide the sum required it is proving quite hard for them to agree on the technical means of arranging the credit.

The largest of the banks would have to put up only about SDR 150m with much smaller amounts coming from lesser countries.

Principally for reasons of pretige, the IMF would like to borrow the funds directly from Central Banks.

This poses difficulties for a number of them, notably including West Germany, whose legal system and balance of payments position make such a transaction far from straightforward.

The Bundesbank would need statutory authority to lend to the IMF and granting such a credit publicly would run counter to its efforts to deter capital exports.

Alongside some other European Central Banks, the Bundesbank would therefore prefer to pass the credit through the Bank for International Settlements which is already authorised to act as a repository for its foreign currency holdings.

Harvester in pact on bank debts

By Ian Hargreaves in New York

INTERNATIONAL Harvester, the large U.S. manufacturer of trucks and farm equipment which has lost $493m (£223m) in the last 15 months, has reached agreement in principle with its leading banks for a major debt re-structuring, it said yesterday.

The agreement is with Harvester's eight advisory banks—Bank of America, Bank of Montreal, Chase Manhattan, Continental Illinois, Deutsche Bank, Lloyds Bank, Manufacturers Hanover Trust, and Morgan Guaranty. I still has to be accepted by the company's 200 other lenders.

It will replace Harvester's short-term bank borrowings of about $710m with a three-year revolving credit agreement totalling $1.5bn.

In addition, Harvester will convert its credit subsidiary's outstanding short-term debt of more than $1.7bn to a $1.9bn three-year revolving credit.

The credit company will also increase its liquidity by selling to its banks $1.5bn of accounts receivable, from a total portfolio of about $4bn.

Harvester had said last month it would seek to restructure its debt, when it reported a $96.3m first-quarter loss and suspended its dividend. The company said then it was also negotiating the sale of its turbine engine division.

The restructuring is intended to put Harvester's bank borrowings on a more stable footing, and to prevent their cost see-sawing with volatile U.S. interest rates.

However, in securing a three-year credit at a time of very high interest rates, Harvester will have paid dearly for that stability, although it did not disclose yesterday on what terms the three-year credit had been granted.

1,700 water workers reject offer

BY JOHN LLOYD, LABOUR CORRESPONDENT

WATER WORKERS in the Liverpool and North Wales region have voted unanimously to reject the National Water Council's 12.3 per cent pay offer.

The vote of the 30 delegates, representing 1,700 members of the industry's largest union, the General and Municipal Workers Union, means that three ofthe four regions which have so far voted have rejected the offer.

However, a decisive result for the 32,000 manual workers in the industry, now in their third round of voting on a succession of offers from the council, will not be known until tomorrow.

Two of the largest GMWU regions — London and the West Midlands — will vote then, while the response of the industry's second largest union, the National Union of Public Employees, is also expected.

Mr. Eddie Newall, the GMWU national officer for the industry, said he remained "reasonably confident" that members would eventually vote to accept.

The joint trade union side will meet this weekend to consider their members' response to the offer. A close result either way looks most likely.

VOTES SO FAR

GMWU region	Approx. membership in water industry	How voted
North East	2,000	Overwhelming rejection
Yorkshire	1,700	Clear acceptance by small majority
East Midlands	1,700	Rejection by small majority
Liverpool, inc. N. Wales and N. Ireland	2,400	Unanimous rejection in Liverpool and N. Wales, acceptance in N. Ireland. Overall rejection for the region.

Mr. Newall said "there is no way that this union will go for immediate industrial action on the basis of a marginal result. In that case I will consult with the general secretary (Mr. David Basnett) and possibly he will have to go back to the executive."

Mr. Newall said the final tally would not depend on a simple majority of the regions for or against the offer A judgement by officials on future action would depend on the voting in the large London, West Midlands and Southern regions.

Union officials in some of these areas have predicted a close vote, though in the London region, the Thames Water Authority says about 500 water workers remain on strike, with only minimal effects.

Mr. Robert Hudson, chairman of the London region water workers, said last night that he would be very surprised if the London delegates accepted the offer on Wednesday."

One reason for the continued hostility to the offer mentioned frequently by shop stewards is that overtime has been cut, or is about to be cut, in many regions. This reduces the value of the 12.3 per cent offer, since more than 2 per cent of it depends on the assumed effects of consolidation of a £5 attendance allowance on bonus and overtime.

Weather

UK TODAY

Mild with hill and coastal fog.

London, E. and Central N. England, Midlands, N. Ireland
Cloudy but mainly dry. Max. 14C (57F).

S., W. and N.E. England, Wales, S.W. Scotland
Cloudy with drizzle and gales. Max. 14C (57F3.

Rest of mainland Scotland
Rain, heavy at times. Max. 12C (54F).

Orkney, Shetland
Sleet later. Max. 5C (41F).

Outlook: Mild and windy.

WORLDWIDE

		Y'day midday °C	°F
Ajaccio	S	15	59
Algiers	S	18	64
Amsdm.	R	10	50
Athens	S	14	57
Bahrain	F	24	75
Barcina.	F	16	61
Beirut	S	20	68
Belgrd.	C	14	57
Berlin	R	12	54
Biarritz	S	22	72
Bordx.	C	15	59
Boulgn.	R	9	48
Brussels	R	12	54
Budpst.	F	16	61
Cairo	S	26	79
Cardiff	R	10	50
Cas'b'ca	S	25	77
Cape T.	S	25	77
Chicg.†		—	—
Cologne	R	14	57
Cpnhgn.	R	6	43
Corfu	S	18	64
Denver†		—	—
Dublin	R	9	48
Dbrvnk.	S	13	55
Faro	S	21	70
Florence	C	12	54
Frankft.	C	13	55
Funchal		—	—
Geneva	F	14	57
Gibraltar	S	18	64
Helsinki	R	1	34
H.-Kong	C	22	72
Innsbrk.	F	12	54
Istanbul	Fg	8	46
Jeddah	F	32	90
Jersey	C	10	50
Jo'burg	F	23	73
L. Plms.	S	26	79
Locarno	S	12	54
London	R	12	54

		Y'day midday °C	°F
L. Ang.†		—	—
Luxmbg.	R	10	50
Luxor	R	32	90
Madrid	C	14	57
Majorca	S	19	66
Malaga	S	19	66
Malta	S	17	63
Melbne.	C	19	66
Mx. C.†		—	—
Miami†		—	—
Milan	S	14	57
Montrl.†		—	—
Moscow	C	−3	27
Munich	C	14	57
Nairobi	F	27	81
Naples	F	16	61
N York†		—	—
Nice	F	15	59
Nicosia	S	23	73
Oporto	C	17	63
Oslo	S	5	41
Paris	C	15	59
Prague	F	13	55
Reykjvk.	C	−2	28
Rhodes	C	17	63
Rio J'o†		—	—
Riyadh	C	24	75
Rome	S	16	61
Salzbrg.	C	12	54
S F'cisco†		—	—
Seoul	Sn	2	36
S'tiago†		—	—
Stckhm.	S	6	43
Strasbg.	C	14	57
Sydney	F	28	82
Tangier	S	23	73
Tel Aviv	S	18	64
Tenerife	S	28	82
Tokyo	R	6	43
Toronto†		—	—
Tunis	S	19	66
Valencia	C	15	59
Venice	F	12	54
Vienna	C	15	59
Warsaw	C	13	55
Zurich	F	14	57

C—Cloudy. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.
Many figures were unavailable as a result of the civil servants' dispute.

Charities to spend £4m on cancer beam

BY DAVID FISHLOCK, SCIENCE EDITOR

THREE MEDICAL charities are to put up more than £4m for constructing an advanced machine to treat cancer on Merseyside.

The machine, called a cyclotron, will generate a powerful beam of neutrons which can be steered with the precision of a surgeon's scalpel to treat a tumour deep inside the body.

Recent medical research with neutrons in Britain suggests that such a beam may eradicate tumours of the stomach and bowel, for example, without undue damage to the surrounding tissue and the skin.

The main contribution, £3m, comes from the Imperial Cancer Research Fund in London.

Two Liverpool-based charities, the Cancer and Polio Research Fund and the Clatterbridge Cancer Research Trust, are finding the rest of the capital cost.

The cyclotron is expected to be in operation late in 1984 at the Mersey Regional Centre for Radiotherapy and Onceonology at Clatterbridge Hospital, Wirral.

The Medical Research Council, which has been supporting a research programme in neutron therapy for some years, is funding the running costs of the machine—some £200,000 a year.

High-energy neutrons—the sub-atomic particles which make the enhanced radiation weapon or neutron bomb so deadly—can if confined to a tumour kill it very efficiently.

The council has been in the vanguard of medical research in this area, principally with its cyclotrons at the Hammersmith Hospital, London and the Western General Hospital, Edinburgh. A third cyclotron at Harwell has also been used for experiments on tumours in animals.

But a problem with the relatively low-energy neutron generators now being used is the tendency for neutrons to scatter and damage healthy tissue around the tumour. For this reason they are restricted to shallow tumours, such as cancer of the throat.

With the high-energy cyclotrons the researchers believe the faster neutrons will penetrate more accurately and deeply into the body, perhaps through 20 centimetres or more of tissue.

The cyclotron is being ordered from Scanditem, a UK-based company owned jointly by Scanditronex, a Swedish cyclotron maker, and TEM Engineering of Crawley, Sussex.

TEM is making the beam-steering part of the machine, known as the isocentric head. In effect, it is a very powerful magnet. Its purpose is to keep the neutron beam moving around the patient, irradiating the tumour from every accessible angle but minimising the exposure of healthy tissue.

The Medical Research Council is also funding research at Birmingham University to try to establish at what depths under the skin fast neutrons become more efficient than X-rays for eradicating tumours.

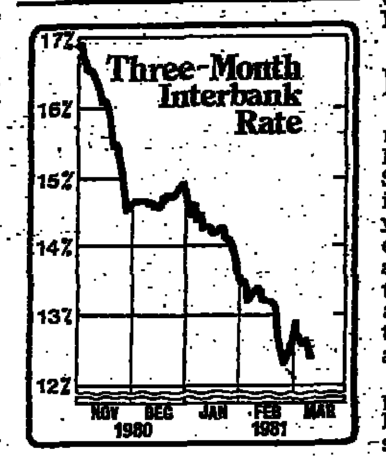
THE LEX COLUMN

The yield gap at full stretch

The equity market is in an uneasy mood ahead of the Chancellor's statement, and the All-Share Index has eased back in the last fortnight to around the middle of its recent trading range. Relative to gilt-edged, however, share prices are still on the high side. The yield on high coupon 25-year stocks has risen by a full point since equities hit their peak last November, whereas the yield on the All-Share Index is less than half a point higher. As a result, the gap between the two is at the top end of its historic range, at around 8 points. There is no obvious reason why the traditional relationship between the two should be changing significantly, and so it is hard to see equities making too much progress unless some life returns to the long end of the gilt edged market.

A 2 point cut in Minimum Lending Rate and a credible set of financial forecasts could give gilts a reasonably firm tone. An imaginative National Savings programme would help, too. Something like this has been discounted in the foreign exchange market, and sterling was rallying yesterday. A bigger cut in MLR could be counterproductive for confidence in the long bond markets.

Index fell 5.6 to 483.5



Finance houses

The role of finance house subsidiaries in the tax management of the London clearing banks is once again emphasised by yesterday's results from Mercantile Credit (owned by Barclays) and Forward Trust (an offshoot of Midland). Thus Mercantile's rise in pre-tax profits from £36.9m to £38m for 1980 is of little relevance beside the £120m of group and consortium tax relief credited, and the net attributable profit is up from £90m to £113m. Forward Trust has done a little worse at the trading level, with £25.6m pre-tax against £31.2m, and the shortfall would have been £2m more but for changes in the year-ends of subsidiaries. Here again, however, tax credits have dominated the proceedings, so that the attributable figure is up from £52.2m to £58m.

In 1981 the emphasis is likely to be the other way around. Whereas 1980 brought an overall 3 points rise in overall funding costs — damaging when Forward Trust, for instance, carries half its business at fixed rates—the finance houses base rate is now down to 14 per cent against the peak of 18 per cent, and there are expectations of a further decline. On the other hand, clearing bank profits are likely to be significantly lower, quite apart from any question of a windfall profits tax. These factors could affect quite sharply the amount of tax that needs to be sheltered by their finance house operations—Mercantile is not going to repeat its 1980 feat of nearly doubling its industrial leasing book, to just over £1bn.

The question is whether the supply of lease finance will drop faster than the demand, giving that capital spending by industry is declining. But according to Forward Trust, demand for leasing finance is still very reasonable.

Robertson Foods

Merchant banks with a difficult takeover defence to organise will find their task immeasurably lightened by Hill Samuel's brilliant concept of Profits before Jam. Before the contribution from the jam business and before interest, tax, exceptional and extraordinary items, the record of Robertson Foods, Hill Samuel's client which is on the receiving end of an unwelcome bid from Avana, is "excellent."

The other arguments deployed in Robertson's defence have the same ring of solid ingenuity. The price of Avana shares, the currency of the bid, is "speculative" (it has doubled in the last 10 months). Robertson's jam factory is now working at full tilt (three other factories have been closed). Avana, meanwhile, has no involvement in home brewing.

On top of all this, Robertson's directors feel able to forecast a small decline in profits to £2.4m, £0.4m above the leve of eight years ago. The dividend goes up from 6.33p to 6.4p. Robertson shareholders can read these arguments and accept Avana's bid with a clear conscience, in the hope that its management can halt the steep decline in the goodwill value of Robertson's brands.

Berisford/BSC

While the Monopolies Commission report on S and W Berisford's bid for the British Sugar Corporation lay becalmed in the Trade Secretary's in-tray yesterday, bearish noises were emerging from Berisford's annual meeting. It's manufacturing activities are having a hard time, and commodity trading has hit "less favourable" conditions.

The fall in Berisford's share price over the last few days has left its original bid, now long since lapsed, valuing BSC shares at 216½p against a market price of 257p. Berisford may not mind a fal lin its own shares so long as that brings BSC shares down too and makes a neventual cash bid cheaper.

However, BSC shares are unlikely to fall all that much: there is fair support from the 8¼ per cent yield even given that the doubling of last year's dividend must have reduced expectations of future income growth. Berisford still has the option of selling out if it feels that this is no ta good time to pay a premium price for a company so heavily exposed to the uncertainties of the Common Agricultural Policy.

Novo

London's new-found interest in exotic international securities has been turned to good use by a number of capital-hungry foreign companies. One of the more respectable of these is Novo Industri, the Danish pharmaceuticals business with bio-technology sex appeal, which yesterday reported pre-tax profits up by three quarters to $40m. The shares rose DKr 25 to DKr 825, about 16 times historic earnings.

This may not seem too exotic a rating, but Novo may be vulnerable over the medium term to such heavyweight competitors as Eli Lilly. In addition, roughly a third of last year's profit increase was the direct result of the weakening of Novo's home currency.

But the main restraint on the share price is an imminent liberalisation of Denmark's capital gains tax rules, which could tempt domestic holders to grab their substantial profits and run. Perhaps with this in mind, Novo is preparing to have its shares listed in the U.S. where it may develop a following as avid as it has in London.

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